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Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)	OMB No 1545-0047 2011 Open to Public Inspection
	The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012		D Employer identification number 23-2829095	
B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization Thomas Jefferson University Hospitals Inc Doing Business As Number and street (or P O box if mail is not delivered to street address) Room/suite 111 South 11th Street City or town, state or country, and ZIP + 4 Philadelphia, PA 191074824		E Telephone number (215) 503-8958
	F Name and address of principal officer David P McQuaid 111 South 11th Street Philadelphia, PA 191074824		G Gross receipts \$ 1,626,874,670
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ◀ (insert no) ☐ 4947(a)(1) or ☐ 527			H(a) Is this a group return for affiliates? ☐ Yes ☒ No
J Website: ▶ WWW.JEFFERSONHOSPITAL.ORG			H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list (see instructions)
K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶			H(c) Group exemption number ▶
L Year of formation 1995	M State of legal domicile PA		

Part I		Summary	
Activities & Governance	1 Briefly describe the organization's mission or most significant activities Attachment 1		
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	22
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	21
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	9,381
	6 Total number of volunteers (estimate if necessary)	6	415
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	12,803,217
	7b Net unrelated business taxable income from Form 990-T, line 34	7b	-56,767
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 7,452,061	Current Year 5,156,795
	9 Program service revenue (Part VIII, line 2g)	1,409,017,178	1,490,605,259
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	15,830,339	4,072,608
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-851,329	-22,233,486
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,431,448,249	1,477,601,176
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	117,672
14 Benefits paid to or for members (Part IX, column (A), line 4)		0	0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		585,905,564	609,982,577
16a Professional fundraising fees (Part IX, column (A), line 11e)		0	0
b Total fundraising expenses (Part IX, column (D), line 25) <u>2,769,071</u>			
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		784,354,390	831,478,260
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		1,370,377,626	1,441,687,337
19 Revenue less expenses Subtract line 18 from line 12		61,070,623	35,913,839
Net Assets or Fund Balances			Beginning of Current Year
	20 Total assets (Part X, line 16)	1,231,538,242	1,397,201,704
	21 Total liabilities (Part X, line 26)	671,567,568	840,141,819
	22 Net assets or fund balances Subtract line 21 from line 20	559,970,674	557,059,885

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer			2013-05-14	
	NEIL G LUBARSKY CFO Type or print name and title				
Paid Preparer's Use Only	Preparer's signature Eric M McNeil		Date	Check if self-employed ☐	Preparer's taxpayer identification number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4 PricewaterhouseCoopers LLP 2001 MARKET ST SUITE 1700 PHILADELPHIA, PA 19103			EIN	
				Phone no (267) 330-3000	

May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No

Check if Schedule O contains a response to any question in this Part III

THOMAS JEFFERSON UNIVERSITY HOSPITALS, INC. ("TJUH") IS DEDICATED TO IMPROVING THE HEALTH OF THE COMMUNITIES WE SERVE. WE ARE COMMITTED TO: 1) SETTING THE STANDARD FOR EXCELLENCE IN THE DELIVERY OF PATIENT CARE, PATIENT SAFETY AND THE QUALITY OF THE HEALTHCARE EXPERIENCE; 2) PROVIDING EXEMPLARY CLINICAL SETTINGS FOR EDUCATING THE HEALTHCARE DELIVERY PROFESSIONALS WHO WILL FORM THE COLLABORATIVE HEALTHCARE DELIVERY TEAM OF TOMORROW; 3) LEADING IN THE INTRODUCTION OF INNOVATIVE METHODOLOGIES FOR HEALTHCARE DELIVERY AND QUALITY IMPROVEMENT. WE ACCOMPLISH OUR MISSION IN PARTNERSHIP WITH THOMAS JEFFERSON UNIVERSITY AND AS A MEMBER OF THE JEFFERSON HEALTH SYSTEM ("JHS").

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4a (Code) (Expenses \$ 1,317,043,458 including grants of \$ 226,500) (Revenue \$ 1,477,935,985)

TJUH PROVIDES MEDICALLY NECESSARY SERVICES TO ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY. SOME PATIENTS QUALIFY FOR CHARITY CARE BASED ON POLICIES ESTABLISHED BY TJUH AND ARE THEREFORE NOT RESPONSIBLE FOR PAYMENT FOR ALL OR A PART OF THEIR HEALTHCARE SERVICES. THESE POLICIES ALLOW FOR THE PROVISION OF FREE OR DISCOUNTED CARE IN CIRCUMSTANCES WHERE REQUIRING PAYMENT WOULD IMPOSE FINANCIAL HARDSHIP ON THE PATIENT. CHARGES FOR SERVICES RENDERED TO PATIENTS WHO MEET TJUH'S GUIDELINES FOR CHARITY CARE ARE NOT SEPARATELY RECORDED IN PROGRAM SERVICE REVENUE. TJUH COMPLIES WITH THE COMMUNITY BENEFIT STANDARD AS SET FORTH IN REVENUE RULING 69-545. TJUH MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF CHARITY CARE PROVIDED. THESE RECORDS INCLUDE THE AMOUNT OF CHARGES FOREGONE FOR SERVICES AND SUPPLIES FURNISHED. SUCH AMOUNTS HAVE BEEN EXCLUDED FROM PROGRAM SERVICE REVENUE. MANAGEMENT ESTIMATES THAT THE COST OF CHARITY CARE PROVIDED BY TJUH WAS \$11,170,827 IN FISCAL YEAR 2012. THIS DOES NOT INCLUDE THE PROVISION FOR BAD DEBTS, AMOUNTING TO \$40,533,357 WHICH IS REFLECTED SEPARATELY IN THE ACCOMPANYING STATEMENT OF FUNCTIONAL EXPENSES. SERVICES ARE PROVIDED TO PATIENTS IN THE COMMUNITY WHO ARE INSURED UNDER THE PENNSYLVANIA MEDICAL ASSISTANCE PROGRAM. THE COSTS OF PROVIDING SERVICES TO ELIGIBLE WELFARE RECIPIENTS WHO PARTICIPATE IN THIS PROGRAM EXCEEDED REIMBURSEMENT BY \$62,979,935. IN FURTHERANCE OF ITS EXEMPT PURPOSE TO BENEFIT THE COMMUNITY, TJUH PROVIDES EDUCATION AND TRAINING FOR MEDICAL RESIDENTS, NURSES AND OTHER HEALTHCARE PROFESSIONALS. AMOUNTS EXPENDED FOR THESE SERVICES EXCEEDED REIMBURSEMENT BY \$25,790,984. TJUH ALSO PROVIDES VARIOUS COMMUNITY SERVICES SUCH AS THE PROVISION OF SUBSIDIZED EMERGENCY SERVICES, EDUCATION FOR DIABETES AND HEART DISEASE, SCREENINGS FOR STROKE AND CANCER RISK, CANCER SUPPORT GROUPS, SENIOR HEALTH EDUCATION, NUTRITIONAL COUNSELING FOR OBESITY, MATERNAL AND CHILDBIRTH EDUCATION, AND YOUTH PARTICIPATION IN VARIOUS WORK-READY OR CAREER PREPARATION PROGRAMS. MANY OF THESE SERVICES TARGET AREAS OF HEALTH DISPARITY AND INCLUDE WORKING WITH SCHOOLS, GRASSROOTS ORGANIZATIONS, AND OTHER PARTNERS. THE NET AMOUNTS EXPENDED FOR THESE SERVICES WERE \$28,279,793.

[illegible][illegible]

4d Other program services (Describe in Schedule O)
(Expenses \$ including grants of \$) (Revenue \$)

4e	Total program service expenses	\$ 1,317,043,458
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Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1	Yes
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2	Yes
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4	Yes
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	Yes
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI. 	11a	Yes
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII. 	11b	Yes
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII. 	11c	No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX. 	11d	Yes
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e	Yes
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f	No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a	No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional 	12b	Yes
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I 	14b	Yes
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S? If "Yes," complete Schedule F, Part II and IV 	15	No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S? If "Yes," complete Schedule F, Part III and IV 	16	No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20a	Yes
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements 	20b	Yes

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30	Yes	
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance		
Check if Schedule O contains a response to any question in this Part V ☐		
		YesNo
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a400
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1cYes
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return. .	2a9,381
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2bYes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3aYes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3bYes
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4aNo
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5aNo
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5bNo
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6aNo
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b
7	Organizations that may receive deductible contributions under section 170(c).	
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7aNo
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7cNo
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7eNo
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7fNo
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8
9	Sponsoring organizations maintaining donor advised funds.	
a	Did the organization make any taxable distributions under section 4966?	9a
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b
10	Section 501(c)(7) organizations. Enter	
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b
11	Section 501(c)(12) organizations. Enter	
a	Gross income from members or shareholders.	11a
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b
13	Section 501(c)(29) qualified nonprofit health insurance issuers.	
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b
c	Enter the aggregate amount of reserves on hand.	13c
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14aNo
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.
Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	Yes	
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		No

Section B. Policies

(This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	Describe in Schedule O the process, if any, used by the organization to review the Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	Yes	
12b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization	Yes	
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	Yes	
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	Yes	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	PA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization.	JACQUELINE GUILFOYLE CONTROLLER TJUH INC601 WALNUT ST Phila,PA 191060000 (215) 503-8958

Check if Schedule O contains a response to any question in this Part VII ☒

☐ Check this box if neither the organization nor any related organizations compensated any current or former officer, director, or trustee

Form **990** (2011)

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	8,772,972	0	956,155

2 Total number of individuals (including but not limited to those listed) who received more than \$100,000 of reportable compensation from the organization ▶ 584

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3 Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	4 Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	5	No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
Deloitte Consulting LLP PO Box 7247-6447 PHILADELPHIA, PA 191706447	Consulting Services	5,010,075
Harmelin Associates 525 Righters Ferry Road BALA CYNWYD, PA 19004	Advertising Services	4,459,030
Physician Dialysis Acquisitions In PO Box 403008 ATLANTA, GA 30384	Medical Services	2,237,640
Interpark Inc 200 North LaSalle Street Suite 140 CHICAGO, IL 60601	Parking Services	1,070,442
IMA Consulting 3 Christy Drive Suite 100 CHADD'S FORD, PA 19317	Consulting Services	948,490

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶41

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c	0			
	d	Related organizations	1d	120,000			
	e	Government grants (contributions)	1e	899,455			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	4,137,340			
	g	Noncash contributions included in lines 1a-1f \$ 869,957					
	h	Total. Add lines 1a-1f		5,156,795			
Program Service Revenue			Business Code				
	2a	Patient Services	900099	1,421,221,541	1,421,221,541		
	b	Biomedical Services	811000	11,254,597		11,254,597	
	c	Tissue Typing Services	621500	740,142		740,142	
	d	Clinical Lab Services	621500	674,535		674,535	
	e	ALL OTHER PROGRAM SERVICES	621500	56,714,444	56,580,501	133,943	
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		1,490,605,259			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		4,553,656			4,553,656
	4	Income from investment of tax-exempt bond proceeds . .		0			
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross rents	5,500,737				
	b	Less rental expenses	7,967,323				
	c	Rental income or (loss)	-2,466,586				
	d	Net rental income or (loss)		-2,466,586			-2,466,586
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	140,740,718	84,405			
	b	Less cost or other basis and sales expenses	141,298,126	8,045			
	c	Gain or (loss)	-557,408	76,360			
	d	Net gain or (loss)		-481,048			-481,048
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events . .		0			0
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities . .		0			
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory . .		0			
	Miscellaneous Revenue		Business Code				
11a	Loss on Interest Rate SWAP contracts	900099	-19,766,900			-19,766,900	
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d		-19,766,900				
12	Total revenue. See Instructions		1,477,601,176	1,477,802,042	12,803,217	-18,160,878	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)
Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	0			
2	Grants and other assistance to individuals in the United States See Part IV, line 22	226,500	226,500		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	8,552,881	0	8,552,881	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	468,638,827	428,033,849	39,859,715	745,263
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	25,640,863	23,410,108	2,197,707	33,048
9	Other employee benefits	77,869,561	71,418,502	6,302,654	148,405
10	Payroll taxes	29,280,445	27,378,601	1,853,653	48,191
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	794,800	0	794,800	0
c	Accounting	405,600	0	405,600	0
d	Lobbying	564,785	0	564,785	0
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	126,347	0	126,347	0
g	Other	4,214,850	0	4,214,850	0
12	Advertising and promotion	9,354,673	9,354,673	0	0
13	Office expenses	26,250,658	23,665,544	2,579,474	5,640
14	Information technology	0			
15	Royalties	0			
16	Occupancy	26,744,761	12,892,221	13,811,410	41,130
17	Travel	1,148,035	926,413	194,270	27,352
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	505,935	290,578	214,160	1,197
20	Interest	8,794,440	8,794,440	0	0
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	58,423,210	53,446,137	4,977,073	0
23	Insurance	37,265,951	37,265,951	0	0
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Medical Supplies	268,740,545	268,740,545	0	0
b	Purchased Services	232,870,452	211,158,122	20,106,725	1,605,605
c	M/A Tax Assessment	53,874,043	53,874,043	0	0
d	Bad Debt	40,533,357	40,533,357	0	0
e					
f	All other expenses	60,865,818	45,633,874	15,118,704	113,240
25	Total functional expenses. Add lines 1 through 24f	1,441,687,337	1,317,043,458	121,874,808	2,769,071
26	Joint costs. Check here ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			30,196,491	1	8,979,353
	2	Savings and temporary cash investments			185,031,142	2	209,396,635
	3	Pledges and grants receivable, net			205,308	3	900,468
	4	Accounts receivable, net			204,647,969	4	221,182,718
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			0	6	0
	7	Notes and loans receivable, net			0	7	0
	8	Inventories for sale or use			16,719,747	8	25,133,079
	9	Prepaid expenses and deferred charges			9,700,092	9	10,570,722
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	1,137,516,208			
	b	Less accumulated depreciation	10b	612,965,148	519,166,378	10c	524,551,060
	11	Investments—publicly traded securities			161,735,534	11	153,128,552
	12	Investments—other securities See Part IV, line 11			78,023,234	12	107,356,149
	13	Investments—program-related See Part IV, line 11			3,404,171	13	2,958,445
	14	Intangible assets			11,337,619	14	11,337,619
	15	Other assets See Part IV, line 11			11,370,557	15	121,706,904
	16	Total assets. Add lines 1 through 15 (must equal line 34)			1,231,538,242	16	1,397,201,704
Liabilities	17	Accounts payable and accrued expenses			213,308,134	17	240,598,017
	18	Grants payable			0	18	0
	19	Deferred revenue			3,455,783	19	2,514,359
	20	Tax-exempt bond liabilities			204,478,046	20	197,930,866
	21	Escrow or custodial account liability Complete Part IV of Schedule D			0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			0	22	0
	23	Secured mortgages and notes payable to unrelated third parties			30,347,744	23	27,227,606
	24	Unsecured notes and loans payable to unrelated third parties			0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D			219,977,861	25	371,870,971
	26	Total liabilities. Add lines 17 through 25			671,567,568	26	840,141,819
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ☒ and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			518,670,542	27	515,752,762
	28	Temporarily restricted net assets			28,977,864	28	29,117,980
	29	Permanently restricted net assets			12,322,268	29	12,189,143
	Organizations that do not follow SFAS 117, check here ☐ and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			559,970,674	33	557,059,885
	34	Total liabilities and net assets/fund balances			1,231,538,242	34	1,397,201,704

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,477,601,176
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,441,687,337
3	Revenue less expenses Subtract line 2 from line 1	3	35,913,839
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	559,970,674
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-38,824,628
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	557,059,885

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separated basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	Yes	

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization Thomas Jefferson University Hospitals Inc	Employer identification number 23-2829095
---	--

Part I

Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1

☐

A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**

2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)

8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10

☐

An organization organized and operated exclusively to test for public safety Se**section 509(a)(4).**

11

☐

An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f

☐

If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box

g

☐

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support?
			Yes	No	Yes	No	Yes	No	
Total									

Part II

Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support							
Calendar year (or fiscal year beginning in)		(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7	Amounts from line 4						
8	Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9	Net income from unrelated business activities, whether or not the business is regularly carried on						
10	Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11	Total support (Add lines 7 through 10)						
12	Gross receipts from related activities, etc (See instructions)					12	
13	First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage			
14	Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))	14	
15	Public Support Percentage for 2010 Schedule A, Part II, line 14	15	
16a	33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization 		
b	33 1/3% support test—2010. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization 		
17a	10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization 		
b	10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization 		
18	Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions 		

Part IIIPart III

Support Schedule for Organizations Described in IRC 509(a)(2)
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage			
15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15		
16 Public support percentage from 2010 Schedule A, Part III, line 15	16		

Section D. Computation of Investment Income Percentage			
17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17		
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18		
19a 33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization			
b 33 1/3% support tests—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization			
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions			

Part IV

Supplemental Information. Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ **Complete if the organization is described below.**
▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

If the organization answered “Yes,” to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered “Yes,” to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered “Yes,” to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization Thomas Jefferson University Hospitals Inc	Employer identification number 23-2829095
---	--

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1

Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV
- 2

Political expenditures ▶ \$
- 3

Volunteer hours

Part I-B Complete if the organization is exempt under section 501(c)(3).

- 1

Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$
- 2

Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$
- 3

If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No
- 4a

Was a correction made? ☐ Yes ☐ No
- b

If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).

- 1

Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$
- 2

Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ \$
- 3

Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ \$
- 4

Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No
- 5

Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A

Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A

Check

☐

if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B

Check

☐

if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ Yes ☐ No													

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?	Yes		559,886
	g Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		4,899
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV		No	
j Total lines 1c through 1i				564,785
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

Part III-A

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2		
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?	3		

Part III-B

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
SCHEDULE C, PART II-B, LINE 1J		TJUH PERIODICALLY ENGAGES IN LOBBYING ACTIVITIES INCLUDING DISCUSSIONS WITH POLICY MAKERS ON HEALTHCARE RELATED ISSUES IMPACTING TJUH AND THE PATIENTS AND COMMUNITIES IT SERVES

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization Thomas Jefferson University Hospitals Inc	Employer identification number 23-2829095
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Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No	

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or pleasure)☐ Preservation of an historically importantly land area
☐ Protection of natural habitat☐ Preservation of a certified historic structure
☐ Preservation of open space

2

Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ► _____

4

Number of states where property subject to conservation easement is located ► _____

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes ☐ No

6

Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ► _____

7

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year
► \$ _____

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9

In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a

If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1

► \$ _____

(ii) Assets included in Form 990, Part X

► \$ _____

2

If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a

Revenues included in Form 990, Part VIII, line 1

► \$ _____

b

Assets included in Form 990, Part X

► \$ _____

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3

Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV and complete the following table

	Amount
c Beginning balance	
d Additions during the year	
e Distributions during the year	
f Ending balance	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a Beginning of year balance	94,161,561	82,118,580	77,374,255	100,744,414	
b Contributions	404,977	68,339	184,301	167,095	
c Investment earnings or losses	-2,788,358	15,185,235	6,604,458	-20,142,712	
d Grants or scholarships					
e Other expenditures for facilities and programs	2,815,145	3,210,593	2,044,434	3,394,542	
f Administrative expenses					
g End of year balance	88,963,035	94,161,561	82,118,580	77,374,255	

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ 70 000 %

b

Permanent endowment ▶ 9 000 %

c

Term endowment ▶ 21 000 %

3a

Are there endowment funds not in the possession of the organization that are held and administered for the organization by

	Yes	No
(i) unrelated organizations	3a(i)	No
(ii) related organizations	3a(ii)	No

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

3b

4

Describe in Part XIV the intended uses of the organization's endowment funds

Part VI

Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		16,183,468		16,183,468
b Buildings		544,518,301	208,592,707	335,925,594
c Leasehold improvements		9,932,357	1,500,025	8,432,332
d Equipment		559,426,883	402,872,416	156,554,467
e Other		7,455,199		7,455,199
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				524,551,060

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements			
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return			
1	Total revenue, gains, and other support per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total Revenue Add lines 3 and 4c . (This should equal Form 990, Part I, line 12)	5	

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return			
1	Total expenses and losses per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c . (This should equal Form 990, Part I, line 18)	5	

Part XIV Supplemental Information		
Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.		
Identifier	Return Reference	Explanation
SCHEDULE D, PART V, LINE 4		TJUH'S ENDOWMENTS ARE USED IN A MANNER TO FURTHER THE CHARITABLE HEALTHCARE, EDUCATIONAL, AND RESEARCH MISSIONS OF TJUH

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Check this box if no one recipient received more than \$5,000 ☐ ☐
Use Part V if additional space is needed.

[illegible]

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter _____

3 Enter total number of other organizations or entities ►

Part III

[illegible]

Part IV Foreign Forms

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*

☐ Yes

☒ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*

☐ Yes

☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*

☒ Yes

☐ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*

☐ Yes

☒ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*

☐ Yes

☒ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*

☐ Yes

☒ No

Additional Data

Software ID:
Software Version:
EIN: 23-2829095
Name: Thomas Jefferson University Hospitals Inc

Part V **Supplemental Information**
Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, question 20.**
▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Thomas Jefferson University Hospitals Inc

Employer identification number
23-2829095

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☒ Applied uniformly to all hospitals ☐ Generally tailored to individual hospitals ☐ Applied uniformly to most hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100%☐ 150%☒ 200%☐ Other _____ % b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200%☐ 250%☐ 300%☐ 350%☐ 400%☒ Other 500. % c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care	3a	Yes	
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			11,170,827		11,170,827	0 800 %
b Medicaid (from Worksheet 3, column a)			272,488,250	209,508,315	62,979,935	4 500 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			283,659,077	209,508,315	74,150,762	5 300 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			3,267,123	7,126	3,259,997	0 230 %
f Health professions education (from Worksheet 5)			123,894,371	98,103,477	25,790,894	1 840 %
g Subsidized health services (from Worksheet 6)			300,885,555	280,418,529	20,467,026	1 460 %
h Research (from Worksheet 7)			1,320,128	65,000	1,255,128	0 090 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			2,695,795		2,695,795	0 190 %
j Total Other Benefits			432,062,972	378,594,132	53,468,840	3 810 %
k Total. Add lines 7d and 7j			715,722,049	588,102,447	127,619,602	9 110 %

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy			601,847		601,847	0.030 %
8Workforce development						
9Other						
10Total			601,847		601,847	0.030 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	Yes	
2Enter the amount of the organization's bad debt expense	2	40,533,357	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0	
4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.			

Section B. Medicare

5Enter total revenue received from Medicare (including DSH and IME)	5	269,388,755	
6Enter Medicare allowable costs of care relating to payments on line 5	6	321,883,891	
7Subtract line 6 from line 5. This is the surplus or (shortfall).	7	-52,495,136	
8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: ☐ Cost accounting system ☒ Cost to charge ratio ☐ Other			

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?	9a	Yes	
9bIf "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI.	9b	Yes	

Part IVManagement Companies and Joint Ventures (see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1Riverview Surgery	Healthcare	51.000 %		38.610 %
2Bucks County Ortho	Healthcare	15.000 %		64.000 %
3Hospital				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 1

1	Thomas Jefferson University Hospital 111 South 11th Street Philadelphia, PA 19107
---	---

[illegible]

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Thomas Jefferson University Hospital

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A):1

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a ☐ A definition of the community served by the hospital facility b ☐ Demographics of the community c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community d ☐ How data was obtained e ☐ The health needs of the community f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g ☐ The process for identifying and prioritizing community health needs and services to meet those needs h ☐ The process for consulting with persons representing the community's interests i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs j ☐ Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a ☐ Hospital facility's website b ☐ Available upon request from the hospital facility c ☐ Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community b ☐ Execution of the implementation strategy c ☐ Development of a community-wide community benefit plan for the facility d ☐ Participation in community-wide community benefit plan e ☐ Inclusion of a community benefit section in operational plans f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA g ☐ Prioritization of health needs in the community h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community i ☐ Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 200 % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>500</u> % If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a ☒ Income level b ☒ Asset level c ☒ Medical indigency d ☐ Insurance status e ☒ Uninsured discount f ☐ Medicaid/Medicare g ☐ State regulation h ☐ Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a ☒ The policy was posted at all times on the hospital facility's web site b ☐ The policy was attached to all billing invoices c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms d ☐ The policy was posted in the hospital facility's admissions offices e ☒ The policy was provided, in writing, to patients upon admission to the hospital facility f ☒ The policy was available upon request g ☐ Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a ☐ Reporting to credit agency b ☐ Lawsuits c ☐ Liens on residences d ☐ Body attachments or arrests e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a ☐ Reporting to credit agency b ☐ Lawsuits c ☐ Liens on residences d ☐ Body attachments e ☐ Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a ☐ Notified patients of the financial assistance policy upon admission b ☐ Notified patients of the financial assistance policy prior to discharge c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e ☐ Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	Yes	
a	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ Other (describe in Part VI)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	☒ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	☐ Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	20	No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21	No

Part V

Facility Information (continued)

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? _____

Name and address		Type of Facility (Describe)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
PART 1, LINE 6A		TJUH DEFINES ITS GREATEST ACHIEVEMENTS BY THE CONTRIBUTIONS MADE TO THE COMMUNITY IT SERVES THESE CONTRIBUTIONS ARE SUMMARIZED ON THE TJUH INTERNET WEBSITE PART 1, LINE 7G SUBSIDIZED HEALTH SERVICES INCLUDES EMERGENCY AND TRAUMA SERVICES PART III, LINE 4 bad debt expense is the uncollectible portion of the accounts receivable, excluding contractual allowances The calculation is comprised of two parts one part representing the unpaid deductibles and copays for insured patients The other part represents the unpaid balance owed by uninsured patients PART III, LINE 8 Medicare is not treated as a community benefit The source data was generated from THE internal cost accounting system PART III, LINE 9B The collection policy of TJUH contains detailed guidelines for patients eligible for charity care This includes a process to determine patient eligibility for charity care prior to the provision of care or as soon as possible thereafter If it is determined that a patient qualifies for partial charity care, the policy requires that the patient and TJUH agree in writing as to the amount due after applying the appropriate charity care discount, and that TJUH negotiate and agree upon a reasonable payment schedule with the patient TJUH also evaluates the ongoing ability of the patient to pay the amount due before additional collection actions are taken NEEDS ASSESSMENT (NUMBER TWO) TJUH uses a variety of sources to assess the health care needs of our communities including a) Public Health Management Corporation's biennial community health data base survey on a broad range of health topics including health status, access to and use of health care, personal health behaviors, health screening, health insurance status, women's health, children's health, and older adult health and social support needs, b) Philadelphia Department of Health reports, c) focus groups with Jefferson employees who reside in target communities and collaboration with community agencies and community coalitions, and d) discussions with key community stakeholders such as the health department, physicians, and school administrators PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE (NUMBER THREE) TJUH informs and educates people through signage, its website, brochures, statement messages, and the paths program, A VENDOR- SUPPORTED SERVICE, WHICH ASSISTS PATIENTS WITH ENROLLMENT IN THE MEDICAL ASSISTANCE PROGRAM COMMUNITY INFORMATION (NUMBER FOUR) TJUH serves a geographic area extending 60 miles from Center City Philadelphia where approximately 11 million people reside Community benefit programs are primarily located in areas more geographically proximate to our Center City and South Philadelphia hospitals Our community focus areas of South Philadelphia, select areas of Center City, and near North Philadelphia west of Broad Street are home to approximately 200,000 racially and ethnically diverse people with 25% of families living below the poverty level PROMOTION OF COMMUNITY HEALTH (NUMBER FIVE) TJUH's community building activities are focused on providing opportunities for youth to explore careers in health care through health awareness education, mentoring, and internships Additionally, Jefferson staff play leadership roles in community building organizations such as those devoted to assisting older adults and creating career opportunities for youth The hospital also donates FUNDS to many organizations that provide social and community enhancement services in our target communities AFFILIATED HEALTH CARE SYSTEM DESCRIPTION (NUMBER SIX) TJUH is a wholly owned subsidiary of TJUH System, Inc , which along with Main Line Health and Magee Rehabilitation Hospital, is a member of JHS Each of the three JHS members are tax exempt organizations that directly and indirectly through their respective affiliates, promote the health of the communities they serve in Southeastern Pennsylvania, Southern New Jersey, and Delaware primarily by providing hospital, sub acute, outpatient, and physician services and by providing facilities in which students, physicians, nurses, and other health care professionals are trained in a clinical setting The operations of TJUH include Thomas Jefferson University Hospital, the Jefferson Hospital for Neuroscience, and Methodist Hospital, all of which operate under one license number The hospitals of TJUH provide a full range of health care services and provide training to students and health professionals in a clinical setting JHS and its members also provide community health services such as health education, counseling and support services A substantial amount of the services and education provided by JHS members and their affiliates are provided at no charge or in return for reimbursement below cost COMMUNITY BENEFIT REPORT (NUMBER SEVEN) TJUH DOES NOT FILE A COMMUNITY BENEFIT REPORT AT THE STATE LEVEL

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
Thomas Jefferson University Hospitals Inc

Grants and Other Assistance to Organizations,
Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

OMB No 1545-0047

2011

Open to Public
Inspection

Employer identification number
23-2829095

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No
- 2

Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

2

Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶

3

Enter total number of other organizations listed in the line 1 table ▶

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Use Schedule I-1 (Form 990) if additional space is needed.

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) Nursing Scholarships	7	226,500		Book	N/A

Part IV

Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
FORM 990, SCHEDULE I, PART 1, LINE 2		ACTUAL EXPENDITURES FOR ALL APPROVED GRANTS ARE MONITORED AGAINST BUDGETED EXPENDITURES ON A MONTHLY BASIS ANY DISCREPANCIES ARE RESEARCHED AND resolved ACCORDINGLY

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
Thomas Jefferson University Hospitals Inc

Employer identification number
23-2829095

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	1b	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
	☐ Compensation committee ☐ Written employment contract ☒ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☒ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?	4a	Yes
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?	5a	No
b	Any related organization?	5b	No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a	No
b	Any related organization?	6b	No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	Yes
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	8	No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	9	

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual.

[illegible]

Part III **Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
SCHEDULE J, PART I, LINE 4A - SEVERANCE PAYMENT		SEAN M. FITZPATRICK \$225,529 SCHEDULE J, PART I, LINE 4B - SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN THOMAS J. LEWIS III \$93,128 97 DAVID MCQUAID 40,801 29 NEIL LUBARSKY 26,072 61 Ronald Burd 21,479 19 STACEY MEADOWS 10,440 66 STEPHEN TRANQUILLO 2,551 02 MARY ANN FITZPATRICK 1,087 75 SCHEDULE J, PART I, LINE 7 - NON-FIXED PAYMENTS A PORTION OF THE COMPENSATION FOR OFFICERS, DIRECTORS, TRUSTEES, KEY EMPLOYEES, AND THE FIVE HIGHEST COMPENSATED EMPLOYEES INCLUDES COMPENSATION that IS BASED ON THE ATTAINMENT OF PATIENT CARE, QUALITY GOALS, STRATEGIC OPERATIONAL INITIATIVES, AND FINANCIAL PERFORMANCE

Software ID:
Software Version:
EIN: 23-2829095
Name: Thomas Jefferson University Hospitals Inc

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
THOMAS J LEWIS III	(i) (ii)	819,680 0	281,594 0	113,428 0	124,979 0	7,699 0	1,347,380 0	0 0
DAVID P MCQUAID	(i) (ii)	506,903 0	331,861 0	63,176 0	72,651 0	15,483 0	990,074 0	0 0
NEIL G LUBARSKY	(i) (ii)	426,415 0	143,467 0	49,800 0	57,922 0	7,628 0	685,232 0	0 0
RONALD P BURD	(i) (ii)	407,496 0	134,612 0	32,305 0	53,329 0	6,674 0	634,416 0	0 0
ROBERT DIECIDUE	(i) (ii)	388,994 0	122,221 0	0 0	31,850 0	6,045 0	549,110 0	0 0
STACEY MEADOWS	(i) (ii)	336,085 0	113,333 0	55,841 0	42,291 0	5,555 0	553,105 0	0 0
DANIEL TAUB	(i) (ii)	292,111 0	147,260 0	0 0	26,950 0	5,790 0	472,111 0	0 0
STEPHEN TRANQUILLO	(i) (ii)	301,033 0	89,720 0	31,314 0	34,401 0	3,935 0	460,403 0	0 0
JAMES E ROBINSON	(i) (ii)	261,102 0	87,758 0	39,199 0	31,850 0	4,322 0	424,231 0	0 0
MARY ANN FITZPATRICK	(i) (ii)	266,192 0	97,911 0	22,498 0	32,937 0	9,759 0	429,297 0	0 0
REBECCA O'SHEA	(i) (ii)	242,528 0	82,350 0	11,324 0	31,850 0	6,645 0	374,697 0	0 0
CARMHIEL BROWN	(i) (ii)	231,485 0	79,730 0	9,980 0	31,850 0	10,332 0	363,377 0	0 0
GEORGE T RIZZUTO	(i) (ii)	220,229 0	53,595 0	17,920 0	31,850 0	4,786 0	328,380 0	0 0
RICHARD J WEBSTER	(i) (ii)	233,260 0	40,092 0	3,875 0	31,850 0	2,128 0	311,205 0	0 0
NANCY RHODES	(i) (ii)	210,704 0	44,290 0	0 0	31,850 0	4,697 0	291,541 0	0 0
BRIAN SWIFT	(i) (ii)	202,870 0	35,020 0	13,788 0	31,580 0	7,410 0	290,668 0	0 0
ROBERT BURKHOLDER	(i) (ii)	178,694 0	31,522 0	12,842 0	28,004 0	7,815 0	258,877 0	0 0
SEAN M FITZPATRICK	(i) (ii)	220,092 0	0 0	0 0	0 0	5,437 0	225,529 0	0 0

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
ANDREW NATHANS	(i) (ii)	184,203 0	32,592 0	0 0	28,955 0	8,260 0	254,010 0	0 0
SHARON MILLINGHAUSEN	(i) (ii)	181,043 0	31,231 0	0 0	28,163 0	6,582 0	247,019 0	0 0
ELEANOR GATES	(i) (ii)	174,226 0	30,178 0	0 0	26,851 0	7,210 0	238,465 0	0 0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
Thomas Jefferson University Hospitals Inc

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Employer identification number
23-2829095

Part I

Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A Hospitals & Higher Education Facility of Philadelp	23-1929132	717903ZF8	06-30-2003	6,500,000	Improve facilities, repay debt		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	5,515,000							
2	Amount of bonds defeased	0							
3	Total proceeds of issue	6,500,000							
4	Gross proceeds in reserve funds	0							
5	Capitalized interest from proceeds	0							
6	Proceeds in refunding escrow	0							
7	Issuance costs from proceeds	0							
8	Credit enhancement from proceeds	0							
9	Working capital expenditures from proceeds	0							
10	Capital expenditures from proceeds	1,287,663							
11	Other spent proceeds	5,212,337							
12	Other unspent proceeds	0							
13	Year of substantial completion	2003							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III

Private Business Use

				A		B		C		D	
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?			Yes	No	Yes	No	Yes	No	Yes	No
					X						
2	Are there any lease arrangements that may result in private business use of bond-financed property?				X						

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X						
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %							
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5								
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?	X							
2	Is the bond issue a variable rate issue?	X							
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X						
b	Name of provider	0							
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X						
b	Name of provider	0							
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?		X						

Part V

Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations ☒ Yes ☐ No

Part VI

Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation
------------	------------------	-------------

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

►Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
► Attach to Form 990.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Thomas Jefferson University Hospitals Inc

Employer identification number
23-2829095

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining contribution amounts
1 Art—Works of art	X	1	120,000	appraised value
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded	X	23,705	749,957	market value
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► ()				
26 Other ►()				
27 Other ►()				
28 Other ► ()				
29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement	29			0
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a			No
b If "Yes," describe the arrangement in Part II				
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31	Yes		
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?	32a			No
b If "Yes," describe in Part II				
33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II				

Part III

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.
► Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization Thomas Jefferson University Hospitals Inc	Employer identification number 23-2829095
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Identifier	Return Reference	Explanation
FORM 990, PART VI, LINE 2		TRUSTEES ROBERT ADELSON, WILLIAM LANDMAN, RICHARD WILLIAMS, IRA BRIND, Jack Farber, and Hyman Kahn have a business relationship This business relationship does not involve any transactions with TJUH FORM 990, PART VI, LINE 6&7 TJUH SY STEM IS THE SOLE MEMBER OF TJUH THE BOARD OF TRUSTEES OF TJUH SHALL BE THOSE PERSONS WHO SERVE FROM TIME TO TIME ON THE TJUH SYSTEM BOARD TJUH SY STEM RECOMMENDS INDIVIDUALS FOR APPOINTMENT TO ITS BOARD OF TRUSTEES TO ITS SOLE MEMBER, JHS JHS ELECTS MEMBERS TO THE TJUH SYSTEM BOARD OF TRUSTEES WHO AUTOMATICALLY BECOME MEMBERS OF THE TJUH inc BOARD OF TRUSTEES FORM 990, PART VI, LINE 11B THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM IN CONJUNCTION WITH TJUH FINANCE PERSONNEL AND IS REVIEWED INTERNALLY BY MANAGEMENT OF TJUH IT IS THEN PRESENTED TO THE AUDIT AND COMPLIANCE COMMITTEE OF THE BOARD OF TRUSTEES FOR REVIEW AND FINAL APPROVAL BEFORE FILING FORM 990, PART VI, LINE 12C ANNUAL CONFLICT OF INTEREST STATEMENTS ARE COMPLETED BY THE BOARD OF TRUSTEES, SENIOR MANAGEMENT, AND KEY REPRESENTATIVES OF TJUH ALL CONFLICTS ARE REFERRED TO THE CORPORATE COMPLIANCE OFFICER FOR RESOLUTION THE CHAIRMAN OF THE BOARD AND THE CEO OF TJUH ARE RESPONSIBLE FOR MONITORING THE CONDUCT OF AND DISCLOSURE BY KEY REPRESENTATIVES AND THEY IDENTIFY , ADDRESS, AND/OR RESOLVE ACTUAL OR POTENTIAL CONFLICTS IN CONSULTATION WITH LEGAL COUNSEL AND/OR THE CORPORATE COMPLIANCE OFFICER IF DEEMED NECESSARY OR ADVISABLE, INDIVIDUAL CASES MAY BE REFERRED TO THE FULL BOARD OR A COMMITTEE THEREOF FOR RESOLUTION FORM 990, PART VI, LINE 15 The process for determining compensation of the officers and key employees of TJUH uses several external market survey data providers such as Mercer, Sullivan Cotter, and Olney Associates The salaries in the surveys are anonymous and contain several other participating organizations in Healthcare The JHS Board hires and determines the base and incentive compensation for the CEO of TJUH (In his role as CEO for TJUH System, Inc) While CEOs are not officers or employees of the JHS legal entity itself, they do report to the JHS CEO TJUH formulates market data sheets by sharing the 25th, 50th, and 75th percentiles For compensation, TJUH targets the 50th percentile of the market However, lower and higher percentiles may be used depending upon a candidate's depth of experience TJUH also targets organizations such as teaching hospitals, those from Northeastern US A , and those with revenue greater than one billion dollars as a gauge for determining compensation ranges Form 990, Part VI, Section c, line 19 THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE UPON REQUEST FORM 990, PART VII, SECTION B - INDEPENDENT CONTRACTORS TJUH and Thomas Jefferson University (TJU) have maintained a close academic affiliation Services provided by TJU to TJUH include physician and non-physician personnel and other support services necessary to preserve and maintain the tertiary care capacity of TJUH TJU also provides office and clinical space, as well as administrative, finance, human resources, information technology, maintenance, security, temporary staffing and other ancillary services to TJUH Expenses charged for these services aggregated \$182,993,313 for the year ended June 30, 2012 FORM 990, PART XI - OTHER CHANGES IN NET ASSETS OR FUND BALANCES NET UNREALIZED LOSSES ON INVESTMENTS \$ (3,824,767) INCREASE IN PENSION LIABILITY (41,150,595) CHANGE IN NONCONTROLLING INTEREST IN JOINT VENTURE 1,087,085 RESTRICTED CONTRIBUTIONS RECEIVED 4,762,829 TEMPORARILY RESTRICTED UNREALIZED LOSSES (882,329) CHANGE IN ASSETS HELD BY AFFILIATED FOUNDATION 1,316,274 PERM RESTRICTED UNREALIZED LOSS ON EXTERNALLY HELD TRUSTS (133,125) ----- TOTAL \$ (38,824,628) ===== Form 990, Schedule K, Part I Certain bond proceeds have been allocated to TJUH from an organization related to TJUH, namely JHS (PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY SERIES 2005, HOSPITALS AND HIGHER EDUCATION FACILITIES AUTHORITY OF PHILADELPHIA SERIES 2010, AND MONTGOMERY COUNTY INDUSTRIAL Development Authority Series 2012) The liabilities for the Series 2005, 2010, AND 2012 bonds are reported on schedule K for JHS
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME ROBERT S ADELSON ESQ TITLE TRUSTEE HOURS 2
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME ROBERT L BARCHI MD PHD TITLE TRUSTEE HOURS 1
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JANICE R BELLACE ESQ TITLE TRUSTEE HOURS 3
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME DAVID R BINSWANGER TITLE TRUSTEE HOURS 2
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME IRA BRIND ESQ TITLE TRUSTEE HOURS 3
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME CARTER R BULLER ESQ TITLE TRUSTEE HOURS 3
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME THOMAS COSTELLO TITLE TRUSTEE HOURS 1
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JACK FARBER TITLE TRUSTEE HOURS 1
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME BRIAN HARRISON TITLE TRUSTEE HOURS 1
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME RICHARD W HEVNER TITLE SECRETARY/TREASURER HOURS 6
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME HAROLD A HONICKMAN TITLE TRUSTEE HOURS 1
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME HYMAN R KAHN MD TITLE TRUSTEE HOURS 1
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME WILLIAM A LANDMAN TITLE CHAIRMAN HOURS 3
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME THOMAS J LEWIS III TITLE PRES, CEO & TRUSTEE TJUH, INC HOURS 10
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME DOUGLAS J MACMASTER JR TITLE TRUSTEE HOURS 1
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JOSEPHINE C MANDEVILLE TITLE TRUSTEE HOURS 1
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME THOMAS B MORRIS ESQ TITLE TRUSTEE HOURS 2
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME ALBERT P PARKER II ESQ TITLE TRUSTEE HOURS 1
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME CARO U ROCK TITLE TRUSTEE HOURS 2

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME MARK L TYKOCINSKI MD TITLE TRUSTEE HOURS 1
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME ALEX WASILOV TITLE TRUSTEE HOURS 1
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME R RICHARD WILLIAMS TITLE VICE CHAIRMAN HOURS 2
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME NEIL G LUBARSKY TITLE SENIOR VP,CFO,ASST TREASURER HOURS 10
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JAMES E ROBINSON TITLE SR VP AND CAO-METHODIST HOSP HOURS 3
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME GEORGE T RIZZUTO TITLE VP FINANCE METHODIST HOURS 14
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME STACEY MEADOWS TITLE S VP,GENERAL COUNSEL,ASST SEC HOURS 10
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME BRIAN SWIFT TITLE VP CHIEF OF PHARMACY HOURS 8

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Thomas Jefferson University Hospitals Inc

Employer identification number
23-2829095

Part I

Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II

Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

Part III

Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Riverview Surgery Center LP Three Crescent Drive Navy Yard Cor Philadelphia, PA 191120000 26-3910345	Healthcare	PA	TJUH Inc	Related	980,207	4,657,300		No			No	51 000 %
(2) Riverview Surgery Center LLC Three Crescent Drive Navy Yard Cor Philadelphia, PA 191120000 26-3911509	Healthcare	PA	TJUH INC	Related	9,901	47,013		No			No	51 000 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) Jeffcare Inc 211 S 9th Street Walnut Towers S Philadelphia, PA 191070000 23-2830152	Healthcare	PA	TJUH INC	C Corporation	-313,366	95,285	100 000 %
(2) The Atrium Corporation 925 Chestnut Street Suite 311 Philadelphia, PA 191070000 23-2075587	Healthcare	PA	TJUH System Inc	C Corporation	588,631	1,258,431	100 000 %
(3) Healthmark Inc 2301 South Broad Street Philadelphia, PA 191480000 23-2259593	Healthcare	PA	TJUH System Inc	C Corporation	-51,218	183,883	100 000 %
(4) Mid-Atlantic Maternal Fetal Institute 925 Chestnut Street Suite 311 Philadelphia, PA 191070000 23-2922471	Healthcare	PA	TJUH Affiliates	C Corporation	0	0	100 000 %
(5) Mid-Atlantic Maternal Fetal Institute PC 925 Chestnut Street Suite 311 Philadelphia, PA 191070000 22-3536371	Healthcare	PA	TJUH Affiliates	C Corporation	0	0	100 000 %
(6) EXTERNALLY ADMINISTERED TRUSTS			NA			1,108,774	

Part V

Transactions With Related Organizations

(Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III or IV

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Sale of assets to related organization(s)

g Purchase of assets from related organization(s)

h Exchange of assets with related organization(s)

i Lease of facilities, equipment, or other assets to related organization(s)

j Lease of facilities, equipment, or other assets from related organization(s)

k Performance of services or membership or fundraising solicitations for related organization(s)

l Performance of services or membership or fundraising solicitations by related organization(s)

m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n Sharing of paid employees with related organization(s)

o Reimbursement paid to related organization(s) for expenses

p Reimbursement paid by related organization(s) for expenses

q Other transfer of cash or property to related organization(s)

r Other transfer of cash or property from related organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

Yes

No

No

No

No

No

No

Yes

No

No

Yes

Yes

No

Yes

No

Yes

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) See Additional Data Table			
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2011

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

[illegible]

Part VII

Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation	
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Software ID:

Software Version:

EIN: 23-2829095

Name: Thomas Jefferson University Hospitals Inc

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization	
TJUH System Inc 111 South 11th Street Philadelphia, PA 19107 26-3026795	Healthcare	PA	501(c)(3)	11, II	JHS		No
Emergency Transport Associates Inc 441 North 5TH Street Philadelphia, PA 19107 23-2622004	Healthcare	PA	501(c)(3)	9	TJUH System	Yes	
Jeffex Inc 925 Chestnut Street Suite 311 Philadelphia, PA 19107 23-2622009	Healthcare	PA	501(c)(3)	11, I	TJUH System	Yes	
JeffQuip Inc 12 Creek Parkway Boothwyn, PA 19061 23-2622001	Healthcare	PA	501(c)(3)	9	TJUH System	Yes	
Walnut Home Therapeutics 919 Walnut Street 5th Floor Philadelphia, PA 19107 23-2622006	Healthcare	PA	501(c)(3)	9	TJUH System	Yes	
Suthbreit Prpoerties LTD 2301 South Broad Street Philadelphia, PA 19148 23-2214351	Healthcare	PA	501(c)(2)		TJUH System	Yes	
TJUH Health Affiliates 111 SOUTH 11TH Street Philadelphia, PA 19107 23-3026939	Healthcare	PA	501(c)(3)	11, II	TJUH System	Yes	
Methodist Associates in Healthcare Inc 2301 South Broad Street Philadelphia, PA 19148 23-2678055	Healthcare	PA	501(c)(3)	11, I	TJUH System	Yes	
Jefferson Medical Care PC 111 SOUTH 11TH STREET Philadelphia, PA 19107 23-3537847	Healthcare	PA	501(c)(3)	11, I	TJUH System	Yes	
Jefferson Medical Care 111 SOUTH 11TH STREET Philadelphia, PA 19107 23-2858320	Healthcare	PA	501(c)(3)	11, I	TJUH System	Yes	
Methodist Hospital Foundation 2301 south broad street philadelphia, PA 19148 23-2014559	fund raising	PA	501(c)(3)	11, I	TJUH SYSTEM	Yes	

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1) EMERGENCY TRANSPORT ASSOCIATES INC	R	3,483,717	COST
(2) JEFFQUIP INC	R	2,584,882	COST
(3) WALNUT HOME THERAPEUTICS	R	22,360,187	COST
(4) SUTHBREIT PROPERTIES	R	227,238	COST
(5) METHODIST ASSOCIATES IN HEALTHCARE INC	R	1,612,102	COST
(6) JEFFERSON MEDICAL CARE	R	6,380,475	COST
(7) METHODIST HOSPITAL FOUNDATION	C	120,000	COST
(8) METHODIST HOSPITAL FOUNDATION	P	183,635	COST

Form

4562

Depreciation and Amortization
(Including Information on Listed Property)

OMB No 1545-0172

2011

Attachment
Sequence No 179

Department of the Treasury
Internal Revenue Service (99)

See separate instructions. Attach to your tax return.

Name(s) shown on return Thomas Jefferson University Hospitals Inc	Business or activity to which this form relates GENERAL DEPRECIATION	Identifying number 23-2829095
--	---	----------------------------------

Part I Election to Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount (see instructions)	1	\$ 500,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	3	\$ 2,000,000
4 Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost	
7 Listed property Enter the amount from line 29	7		
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8		
9 Tentative deduction Enter the smaller of line 5 or line 8	9		
10 Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10		
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11		
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12		
13 Carryover of disallowed deduction to 2012 Add lines 9 and 10, less line 12	13		

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	318,427

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2011	17	
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System						
(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System						
20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21 Listed property Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	318,427
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☒ No						24b If "Yes," is the evidence written? ☐ Yes ☒ No			
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost	
25Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25		
26 Property used more than 50% in a qualified business use									
		%							
		%							
		%							
27 Property used 50% or less in a qualified business use									
		%			S/L -				
		%			S/L -				
		%			S/L -				
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						28			
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							29		

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

30 Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31 Total commuting miles driven during the year												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2011 tax year (see instructions)					
43 Amortization of costs that began before your 2011 tax year				43	
44 Total. Add amounts in column (f) See the instructions for where to report				44	

TJUH System

**Consolidated Financial Statements
June 30, 2012 and 2011**

TJUH System
Table of Contents
June 30, 2012 and 2011

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Report of Independent Auditors	1
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Balance Sheets	2
Statements of Operations and Changes in Net Assets	3 – 4
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Notes to Consolidated Financial Statements	7 – 36



Report of Independent Auditors

Board of Trustees
TJUH System
Philadelphia, Pennsylvania

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in net assets and cash flows present fairly, in all material respects, the financial position of TJUH System and its subsidiaries ("TJUH") at June 30, 2012 and 2011, and the results of their operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of TJUH's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

October 18, 2012

TJUH System
Consolidated Balance Sheets
June 30, 2012 and 2011

Assets	2012	2011
Current assets		
Cash and cash equivalents	\$8,978,298	\$30,395,551
Short-term investments	209,396,635	185,031,142
Accounts receivable, less allowance for doubtful accounts of \$27,660,000 in 2012 and \$26,882,000 in 2011	230,263,063	213,411,643
Inventory	26,660,518	17,674,446
Assets whose use is limited, current	19,466,636	16,503,534
Other current assets	11,068,915	10,245,010
Total current assets	505,834,065	473,261,326
Long-term investments	188,092,841	195,900,663
Assets whose use is limited, noncurrent	50,259,977	25,135,051
Assets held by affiliated foundation	7,199,228	5,882,954
Goodwill	11,417,619	11,417,619
Insurance recoverable	103,039,407	-
Other noncurrent assets	5,213,983	6,045,922
Land, buildings and equipment, net	539,327,755	531,341,720
Total assets	\$1,410,384,875	\$1,248,985,255
Liabilities and Net Assets		
Current liabilities		
Current portion of		
Long-term obligations	\$2,683,054	\$2,675,950
Due to Jefferson Health System	4,940,000	6,245,000
Accrued pension liability	16,789,392	8,000,000
Accrued professional liability claims	12,022,884	9,860,519
Accrued workers' compensation claims	6,814,430	6,001,973
Accounts payable and accrued expenses	135,990,660	129,040,726
Due to Thomas Jefferson University	13,712,794	11,264,578
Accrued payroll and related costs	61,844,039	56,272,401
Total current liabilities	254,797,253	229,361,147
Long-term obligations	25,529,551	128,911,793
Due to Jefferson Health System	292,005,866	197,053,047
Due to Thomas Jefferson University	12,000,000	9,947,000
Accrued pension liability	109,317,127	82,313,347
Accrued professional liability claims	205,692,814	93,334,658
Accrued workers' compensation claims	9,992,523	10,472,363
Other noncurrent liabilities, principally interest rate swap contracts	34,892,080	20,044,211
Total liabilities	944,227,214	771,437,566
Net assets		
Unrestricted	422,697,998	435,182,102
Noncontrolling interest in joint venture	2,152,540	1,065,455
Temporarily restricted	29,117,980	28,977,864
Permanently restricted	12,189,143	12,322,268
Total net assets	466,157,661	477,547,689
Total liabilities and net assets	\$1,410,384,875	\$1,248,985,255

The accompanying notes are an integral part of the consolidated financial statements.

TJUH System

Consolidated Statements of Operations and Changes in Net Assets For the Years Ended June 30, 2012 and 2011

	2012	2011
Operating revenues, gains and other support:		
Net patient service revenue	\$1,464,348,103	\$1,382,640,275
Investment income	2,561,363	6,317,200
Other revenue	85,712,888	83,250,340
Net assets released from restriction	<u>2,149,252</u>	<u>1,539,621</u>
Total operating revenues, gains and other support	<u>1,554,771,606</u>	<u>1,473,747,436</u>
Operating expenses:		
Salaries and employee benefits	616,430,519	589,007,317
Pension	25,607,814	27,237,780
Supplies	308,034,255	295,055,993
Purchased services	238,195,897	227,879,951
Depreciation and amortization	62,312,041	54,776,205
Interest	9,936,188	10,251,956
Insurance	38,403,799	23,153,368
Provision for bad debts	42,256,818	43,137,190
Utilities	19,503,777	17,716,775
Other	<u>147,377,356</u>	<u>140,175,754</u>
Total operating expenses	<u>1,508,058,464</u>	<u>1,428,392,289</u>
Income from operations	46,713,142	45,355,147
Loss on extinguishment of debt	<u>(470,181)</u>	<u>(3,844,488)</u>
Income from operations after extinguishment of debt	<u>46,242,961</u>	<u>41,510,658</u>
Nonoperating gains (losses):		
Investment earnings	1,233,537	7,960,000
Contributions	805,690	711,119
Contributions expense	(2,772,071)	(2,481,737)
Net assets released from restriction	-	255,904
Other, principally interest rate swap contracts	<u>(19,579,264)</u>	<u>905,296</u>
Total nonoperating (losses) gains	<u>(20,312,108)</u>	<u>7,350,581</u>
Excess of revenues over expenses	25,930,853	48,861,239
Change in unrealized (losses) gains on investments	(3,824,766)	11,404,027
Net assets released from restrictions used for purchase of property and equipment	1,797,575	3,314,858
Donated capital received	4,762,829	-
Change in noncontrolling interest in joint venture	1,087,085	1,065,455
(Increase) decrease in pension liability	<u>(41,150,595)</u>	<u>20,152,943</u>
(Decrease) increase in unrestricted net assets	<u>(\$11,397,019)</u>	<u>\$84,798,522</u>

The accompanying notes are an integral part of the consolidated financial statements.

TJUH System**Consolidated Statements of Operations and Changes in Net Assets, continued**
For the Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted net assets:		
Excess of revenues over expenses	\$25,930,853	\$48,861,239
Change in net unrealized (losses) gains on investments	(3,824,766)	11,404,027
Net assets released from restrictions used for purchase of property and equipment	1,797,575	3,314,858
Donated capital received	4,762,829	-
Change in noncontrolling interest in joint venture	1,087,085	1,065,455
(Increase) decrease in pension liability	(41,150,595)	20,152,943
(Decrease) increase in unrestricted net assets	(11,397,019)	84,798,522
Temporarily restricted net assets:		
Contributions	3,451,650	5,048,966
Interest, dividends, and net realized gains on investments	201,348	1,475,713
Net assets released from restriction	(3,946,827)	(5,120,383)
Change in net unrealized (losses) gains on investments	(882,329)	3,040,245
Change in assets held by an affiliated foundation	1,316,274	(619,229)
Increase in temporarily restricted net assets	140,116	3,825,312
Permanently restricted net assets:		
Change in net unrealized (losses) gains on externally held trusts	(133,125)	310,417
(Decrease) increase in permanently restricted net assets	(133,125)	310,417
(Decrease) increase in net assets	(11,390,028)	88,934,251
Net assets, beginning of year	477,547,689	388,613,438
Net assets, end of year	\$466,157,661	\$477,547,689

The accompanying notes are an integral part of the consolidated financial statements.

TJUH System
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
(Decrease) increase in net assets	(\$11,390,028)	\$88,592,651
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Increase (decrease) in pension liability	41,150,595	(20,152,943)
Depreciation and amortization	62,312,041	54,776,205
Provision for bad debts	42,256,818	43,137,190
Loss on disposal of ambulatory/orthopaedic project	-	6,566,716
Loss on extinguishment of debt	470,181	3,844,488
Assets held by affiliated foundation	(1,316,274)	619,229
Amortization of premium discount	(107,182)	(71,650)
Net realized and unrealized losses (gains) on investments	2,690,411	(29,948,234)
Donated capital received	(4,762,829)	-
Other-than-temporary impairment of assets	845,051	341,933
Net loss (gain) on interest rate swap	14,915,969	(4,861,767)
Net gain on sale of assets	(77,904)	(77,904)
Equity in earnings of joint venture	(1,264,949)	(1,639,155)
Noncontrolling interest in joint venture	(1,087,085)	(552,354)
Net change due to:		
Accounts receivable	(59,108,239)	(57,686,931)
Inventories	(8,986,072)	(643,395)
Other current and noncurrent assets	(526,170)	(76,940)
Accounts payable and accrued expenses	12,345,043	16,067,778
Payable to Thomas Jefferson University	4,501,216	17,549,820
Accrued pension liability	(5,357,423)	(4,554,881)
Insurance recoverable	(103,039,407)	-
Accrued professional claims liability	114,520,521	1,225,960
Accrued workers' compensation liability	332,617	2,135,468
Other liabilities	1,447,737	3,188,831
Net cash provided by operating activities	<u>100,764,638</u>	<u>117,780,115</u>
Cash flows from investing activities:		
Short-term investments, net	(23,917,063)	10,652,386
Assets whose use is limited, net	(28,088,029)	(12,394,150)
Change in securities lending invested collateral	(254,432)	816,296
Purchase of land, buildings and equipment	(69,979,619)	(88,455,111)
Purchases of investments	(135,651,840)	(152,443,229)
Sales of investments	140,740,718	151,916,314
Net cash used in investing activities	<u>(117,150,265)</u>	<u>(89,907,494)</u>

TJUH System**Consolidated Statements of Cash Flows, continued****For the Years Ended June 30, 2012 and 2011**

	2012	2011
Cash flows from financing activities:		
(Distribution to) contribution received from noncontrolling interest	(428,750)	171,500
Proceeds from donated capital	4,762,829	
Change in securities lending payable	254,432	(816,296)
Proceeds from long-term borrowings	100,000,000	186,007,097
Repayment of long-term borrowings	<u>(109,620,137)</u>	<u>(193,837,509)</u>
Net cash used in financing activities	<u>(5,031,626)</u>	<u>(8,475,208)</u>
Net (decrease) increase in cash and cash equivalents	(21,417,253)	19,397,413
Cash and cash equivalents at beginning of year	<u>30,395,551</u>	<u>10,998,138</u>
Cash and cash equivalents at end of year	<u><u>\$8,978,298</u></u>	<u><u>\$30,395,551</u></u>
Supplemental disclosure of cash flow information:		
Interest paid, net of amount capitalized	\$14,787,785	\$14,774,049

The accompanying notes are an integral part of the consolidated financial statements.

TJUH System

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

1. Summary of Significant Accounting Policies:

Nature of Operations

TJUH System ("TJUH"), located in Philadelphia, Pennsylvania, is an integrated healthcare organization that provides inpatient, outpatient, and emergency care services through acute care, ambulatory care, physician, and other primary care services for residents of the Greater Philadelphia Region. Effective July 1, 2000, the Board of Directors of Thomas Jefferson University Hospitals, Inc. (the "Hospital") and Jefferson Health System ("JHS") approved a corporate reorganization of the Hospital. The new operating structure, known as TJUH System, includes all former combined entities of the Hospital. TJUH maintains an academic affiliation with Thomas Jefferson University ("TJU"). Related party transactions and their effects on the financial statements are discussed in Note 11. The consolidated financial statements of TJUH include the accounts and subsidiaries of Thomas Jefferson University Hospital, the Jefferson Hospital for Neuroscience Division, the Methodist Hospital Division, TJUH Health Affiliates, the Atrium Corporation and Jeffex, Inc., and the Riverview Surgery Center at the Navy Yard, LP ("Riverview"), a 51%-owned joint venture.

JHS is the sole corporate member of TJUH. JHS is a regional integrated healthcare delivery system. The other members of JHS are Magee Rehabilitation Hospital ("Magee") and Main Line Health ("MLH").

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation

The accompanying consolidated financial statements include the financial position, results of operations and cash flows of TJUH and its subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make, where necessary, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the accompanying notes. Management considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of the financial statements including, but not limited to, recognition of net patient service revenue, which includes contractual allowances and provisions for bad debt; estimates for healthcare professional and general liabilities; determination of fair values of certain financial instruments; and assumptions for measurement of pension liabilities. Management relies on historical experience and other assumptions believed to be reasonable relative to the circumstances in making judgments and estimates. Actual results could differ from these estimates.

TJUH System

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

1. Summary of Significant Accounting Policies, continued:

Financial Statement Presentation

TJUH accounts for its net assets by classifying them into three categories according to externally-imposed restrictions. The three net asset categories are as follows:

- **Unrestricted Net Assets** are available for the support of operations and are not externally restricted, although their use may be limited by other factors such as by contract or board designation.
- **Temporarily Restricted Net Assets** include gifts for which donor-imposed restrictions have not been met and trust activity and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted.
- **Permanently Restricted Net Assets** include gifts, trusts, and pledges which require that the corpus be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

Income Taxes

TJUH and certain of its subsidiaries are not-for-profit corporations and have been recognized as tax-exempt pursuant to Section 501(c) (3) of the Internal Revenue Code.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term investments in highly liquid debt instruments with an original maturity of three months or less. Cash and cash equivalents are carried at cost which approximates market value.

Charitable Medical Care Provided

TJUH provides medically necessary services to all patients regardless of their ability to pay. Some patients qualify for charity care based on policies established by TJUH and are therefore not responsible for payment for all or a part of their healthcare services. These policies allow for the provision of free or discounted care in circumstances where requiring payment would impose financial hardship on the patient. Charges for services rendered to patients who meet TJUH's guidelines for charity care are not separately recorded in the accompanying consolidated financial statements.

TJUH maintains records to identify and monitor the level of charity care provided. These records include the amount of charges foregone for services and supplies furnished. Such amounts have been excluded from net patient service revenue. Management estimates that the cost of charity care provided by TJUH was \$11,170,827 and \$9,107,044 for the years ended June 30, 2012 and June 30, 2011, respectively. These amounts do not include the provision for bad debts of \$42,256,818 and \$43,137,190 in 2012 and 2011, respectively, which is reflected separately in the accompanying consolidated statements of operations and changes in net assets. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total expenses (less bad debt expense) divided by gross patient service revenue.

TJUH System
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

1. Summary of Significant Accounting Policies, continued:

Other Uncompensated Community Services (unaudited)

Services are provided to patients in the community who are insured under the Pennsylvania Medical Assistance Program. The cost of providing services to eligible welfare recipients who participate in this program exceeded reimbursement by \$62,979,935 and \$52,986,175 in 2012 and 2011, respectively.

In furtherance of its exempt purpose to benefit the community, TJUH provides education and training for medical residents, nurses and other healthcare professionals. Amounts expended for these services exceeded reimbursement by \$25,790,984 and \$23,072,989 in 2012 and 2011, respectively.

TJUH also provides various community services such as the provision of subsidized emergency services; telemedicine services for stroke patients at community hospitals; education for diabetes and heart disease; screenings for stroke and cancer risk; cancer support groups; senior health education; nutritional counseling for obesity; maternal and childbirth education; and youth participation in various work-ready or career preparation programs. Many of these services target areas of health disparity and include working with schools, grassroots organizations and other partners. The net amounts expended for the foregoing services were \$28,279,793 and \$23,212,690 in 2012 and 2011, respectively.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Revenue from the Medicare and Medicaid fee-for-service and managed care programs accounted for approximately 28.63% and 11.80%, respectively, and 32.33% and 10.22%, respectively of net patient service revenue in 2012 and 2011, respectively. Most payments to TJUH from the Medicare and Pennsylvania Medicaid programs for inpatient hospital services are made on a prospective basis. Under these programs, payments are made at a pre-determined specific rate for each discharge based on a patient's diagnosis. Additional payments are made to TJUH as a teaching and disproportionate share hospital, as well as for cases that have an extremely long length-of-stay or unusually high costs. Laws governing the Medicare and Medicaid programs are complex and subject to interpretation. Services billed to the Medicare program are subject to external review for both medical necessity and billing compliance. Medicare cost reports for all years before 2008 have been audited and final settled. The 2008, 2009 and 2010 Medicare cost reports have been audited but there has not been a final settlement as of June 30, 2012 attributed to delays in Medicare program finalizing disproportionate share factors. No significant adjustments are expected. In addition, TJUH received funds from the Philadelphia Hospital Assessment program, the Medical Assistance Modernization Act-Quality Care Assessment program and the Medicare Wage Index Group Appeal in the amount of \$79,204,891 in 2012 and the Philadelphia Hospital Assessment program and Medical Assistance Modernization Act-Quality Care Assessment program in the amount of \$67,999,789 in 2011, respectively. TJUH paid taxes in respect to these programs amounting to \$53,874,043 and \$49,778,281 in 2012 and 2011, respectively, and are recorded in other operating expenses. Both programs were designed to provide supplemental funding for licensed acute care hospitals with the Philadelphia Hospital Assessment program specifically designated for hospital emergency services.

TJUH System

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

1. Summary of Significant Accounting Policies, continued:

TJUH has also entered into agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to TJUH under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined daily rates and capitated rates. Revenue from the most notable of these types of insurers amounted to 24.32% and 8.16%, respectively, and 24.41% and 8.37%, respectively, of TJUH's net patient service revenue in 2012 and 2011, respectively.

Allowance for Doubtful Accounts

TJUH records an allowance for doubtful accounts for estimated losses resulting from the failure of patients to make payments for services. The allowance is determined by analyzing historical data and trends. Accounts receivable are written off against the allowance for doubtful accounts when management determines that recovery is unlikely and collection efforts cease.

Land, Buildings, Equipment and Depreciation

Land, buildings and equipment are stated at cost. Depreciation is calculated utilizing the straight-line method based on the estimated useful lives of the underlying assets. Gains and losses from retirement or disposition of fixed assets are recognized in the consolidated statements of operations and changes in net assets as nonoperating income at the time of disposition.

Goodwill

The amount of the intangible asset is \$11,417,619 comprised primarily of assets related to the acquisition of the inpatient ophthalmology program from Wills Eye Hospital and the acute care program from St. Agnes Medical Center. TJUH performed an impairment assessment by comparing the assets' fair value to the carrying value of the goodwill at June 30, 2012 and no impairment charge was warranted.

Inventory

Predominantly, inventories are valued on a cost basis using the first-in, first-out ("FIFO") method.

Investments and Investment Income

TJUH records investments in marketable securities with readily determinable fair values and investments in debt securities at fair value in the consolidated balance sheets. Fair values for certain private equity and real estate investments ("alternative investments") are estimated by the respective external investment managers if market values are not readily ascertainable. Investments in joint ventures are accounted for under the equity method.

Net realized gains and losses, interest and dividends on unrestricted cash, cash equivalents, short-term investments, and trustee held funds associated with self-insurance and debt obligations are included in operating income. Net realized gains and losses, interest and dividends on long-term investments and changes in unrealized gains or losses on alternative investments and on impaired assets are included in nonoperating income. Changes in unrealized gains or losses on all other long-term investments are shown as a change in net assets, unless other than temporary impairments of investments are recognized, in which case, unrealized losses are recorded in nonoperating income.

Income on investments of donor-restricted funds, including unrealized gains and losses, is added to or deducted from the appropriate net asset category based on donor restrictions or state law.

TJUH System

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

1. Summary of Significant Accounting Policies, continued:

TJUH followed an endowment spending policy in 2012 and 2011 of 5% of the three-year moving average of the market value of its long-term investment portfolio measured annually at March 31st. As a result of this policy, funds released from restricted long-term investments and amounts withdrawn from unrestricted long-term investments amounted to \$1,124,455 and \$2,682,290 respectively, and \$1,539,621 and \$2,995,881, respectively, in 2012 and 2011, respectively. Additionally, funds released from restricted net assets for receipt of external pledges and donor-restricted gifts amounted to \$1,024,797 and \$255,904 in 2012 and 2011, respectively.

Investment in Assets of Affiliated Foundation

The Methodist Hospital Foundation (the "Foundation"), a separate corporation not under the control of TJUH, accepts gifts and bequests and engages in fundraising activities for the benefit of Methodist Hospital. The Board of Trustees of the Foundation, at its sole discretion, is authorized to contribute Foundation funds to Methodist Hospital. Underlying investments held by the Foundation with restrictions benefiting only Methodist Hospital amounting to \$7,199,288 and \$5,882,954 at June 30, 2012 and 2011, respectively, are presented in the consolidated balance sheets. Net changes in the fair market value of such assets were recorded as changes in assets held by an affiliated foundation in the consolidated statements of changes in net assets.

While the sole purpose of the Foundation is to support Methodist Hospital, this accounting treatment does not imply that the Foundation's assets or investment income are those of TJUH. The consolidated financial statements do not reflect or establish the legal relationship, agency or otherwise, between the Foundation and TJUH, or any right to assets owned by the Foundation. The by-laws of the Foundation provide that all assets held by it shall not be subject to attachments, execution, or sequestration for any debt, obligation or liability of TJUH or any other person or entity. In particular, the Foundation is not party to or obligated by any debt instrument of TJUH, and assets owned by the Foundation are not subject to the lien of any such debt instrument.

Beneficial Interest in Perpetual Trusts

Beneficial interest in perpetual trusts represents TJUH's interest in perpetual trusts, which are administered by independent trustees and generally consist of marketable equity securities. Because the trusts are perpetual and the original corpus cannot be violated by spending, they are reported as permanently restricted net assets.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restriction, unless expended for the purchase of long-lived assets, in which case, they are reported as a change in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying consolidated financial statements.

TJUH System
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

1. Summary of Significant Accounting Policies, continued:

Other Revenue

Other revenue is derived from services other than the provision of health care services or coverage to patients or residents. This revenue consists primarily of TJU services income, biomedical services income, retail pharmacy income, rental income, cafeteria income, grant income, and other miscellaneous income.

Excess of Revenues over Expenses

TJUH's excess of revenues over expenses in the consolidated statements of operations and changes in net assets includes all unrestricted revenues, expenses, gains and losses from continuing operations; contributions of long-lived assets and the costs of related fundraising efforts; and, realized gains and losses on long-term investments and the undistributed earnings thereon, including changes in unrealized gains or losses on alternative investments and on impaired assets. Changes in unrealized gains or losses on all other long-term investments, and the permanent transfers of assets to and from affiliates for other than goods and services are excluded.

Reclassifications

Certain prior year amounts in the consolidated balance sheets have been reclassified to conform to the current year presentation.

Subsequent Events

TJUH has performed an evaluation of subsequent events through October 12, 2012, which is the date the financial statements were issued and none were discovered that needed adjustment to or disclosure in the financial statements.

2. Net Assets:

Temporarily and permanently restricted net assets are classified according to donor or time restrictions. Temporarily restricted net assets are restricted for patient care and various healthcare-related expenditures that can be spent in the future subject to certain spending limitations by Pennsylvania statute. Net assets are categorized as follows at June 30, 2012 and 2011:

	2012	2011
Temporarily restricted net assets consist of the following:		
Long-term investments	\$18,295,358	\$19,904,004
Special purpose funds	9,922,154	8,868,552
Pledges	900,468	205,308
	<u>\$29,117,980</u>	<u>\$28,977,864</u>
Permanently restricted net assets consist of the following:		
Long-term investments	\$7,864,002	\$7,871,205
Assets held by affiliated foundation	2,259,295	2,259,295
Externally held trusts	2,065,846	2,191,768
Total	<u>\$12,189,143</u>	<u>\$12,322,268</u>

TJUH System
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

3. Assets Whose Use is Limited:

Assets whose use is limited are presented in the consolidated balance sheets at June 30, 2012 and 2011 and consisted of the following:

	2012	2011
Board designated funds for plant replacement and expansion	\$50,125,000	\$25,000,000
Board designated funds for self-insurance arrangements	18,837,314	15,862,492
Debt service funds	98,190	114,173
Translational Medicine program funds	300,000	300,000
Women's Board and Medical Staff funds	366,109	361,920
Total	\$69,726,613	\$41,638,585
Less: Current portion	(19,466,636)	(16,503,534)
Noncurrent portion		
	\$50,259,977	\$25,135,051

4. Investments and Investment Income:

Short term investments were \$209,396,635 and \$185,031,142 at June 30, 2012 and June 30, 2011, respectively, and included amounts set aside for working capital obligations. Long-term investments were \$188,092,841 and \$195,900,663 at June 30, 2012 and June 30, 2011, respectively. For its long-term investment portfolio, TJUH pools funds with TJU and utilizes the unitization method of accounting for investments in pooled funds. TJUH had approximately 30% of the total shares of the pooled funds at June 30, 2012 and 2011. Also included in long-term investments were non-pooled investments of \$2,958,445 and \$3,404,171 at June 30, 2012 and June 30, 2011, respectively.

TJUH has made commitments to various private equity and real estate limited partnerships. The total amount of unfunded commitments is \$12,363,180 and \$16,062,549 at June 30, 2012 and June 30, 2011, respectively, which represents 7.6% and 9.7% of the value of TJUH's pooled investments at June 30, 2012 and June 30, 2011, respectively. TJUH expects these funds to be called over the next 3 to 5 years.

The fair value of all debt and equity securities with a readily determinable fair value is based on quotations obtained from national securities exchanges. The alternative investments, which are not readily marketable, are carried at net asset values as provided by the investment managers. These investments are valued at the latest available unaudited net asset value of the investments. Management reviews the values as provided by the investment managers and believes that the carrying amount of these investments is a reasonable estimate of fair value. Because alternative investments are not readily marketable, their estimated values are subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Alternative investments were valued at \$49,559,956 and \$44,977,231 at June 30, 2012 and June 30, 2011, respectively. TJUH recorded net unrealized losses on these investments of \$272,612 in 2012 and net unrealized gains on these investments of \$3,096,118 in 2011.

Investment securities with an aggregate fair value of \$2,677,653 and \$2,423,213 at June 30, 2012 and June 30, 2011, respectively, were loaned primarily on a short-term basis to various brokers in

TJUH System
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

4. Investments and Investment Income, continued:

connection with a securities lending program. These securities are returnable on demand and are collateralized by cash deposits amounting to 103% at June 30, 2012 and June 30, 2011 of the market value of the securities loaned. TJUH receives lending fees and continues to earn interest and dividends on the loaned securities.

Investment income, realized gains and unrealized losses included in the consolidated statements of operations and changes in net assets are comprised of the following in 2012 and 2011:

	2012	2011
Investment income included in operating income:		
Interest and dividends	\$2,506,430	\$4,052,643
Net realized (losses) gains on sales of investments	(1,210,016)	625,402
Equity in earnings of joint venture	1,264,949	1,639,155
	<u>2,561,363</u>	<u>6,317,200</u>
Investment income included in nonoperating income:		
Interest and dividends	1,054,889	947,788
Net realized gains on sales of investments	1,296,311	4,258,027
Change in unrealized (losses) gains on alternative investments	(272,612)	3,096,118
Other-than-temporary impairment of assets	(845,051)	(341,933)
	<u>1,233,537</u>	<u>7,960,000</u>
Total	<u>\$3,794,900</u>	<u>\$14,277,200</u>

Unrealized losses on investments amounted to \$4,097,378 (inclusive of losses of \$272,612 for alternative investments) and unrealized gains on investments amounted to \$14,500,145 (inclusive of gains of \$3,096,118 for alternative investments) in 2012 and 2011, respectively. Except for unrealized gains and losses on alternative investments, all other unrealized gains and losses are included in the change in net assets.

5. Fair Value Measurement:

This guidance defines fair value, establishes a framework for measuring fair value and enhances disclosure about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

There is a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

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5. Fair Value Measurement, continued:

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar instruments; quoted prices in markets that are not active; or other inputs that are observable or that can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value measurement.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets and liabilities measured at fair value are based on one or more of the three valuation techniques as follows:

Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost).

Income approach – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques and option-pricing models).

The following table presents assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy as of June 30, 2012:

	Assets at Fair Value as of June 30, 2012			
	Level 1	Level 2	Level 3	Total
Hedge funds	\$0	\$0	\$29,485,568	\$29,485,568
Cash & cash equivalents	185,790,793	12,208,326	-	197,999,119
Equity securities	22,472,597	-	-	22,472,597
Fixed income securities	-	139,507,736	-	139,507,736
Mutual funds	-	44,958,636	-	44,958,636
External trusts	-	2,065,846	-	2,065,846
Preferred securities	91,430	-	-	91,430
Private equity	-	-	14,426,410	14,426,410
Real estate	-	7,371,193	5,647,978	13,019,171
Total	<u>\$208,354,820</u>	<u>\$206,111,737</u>	<u>\$49,559,956</u>	<u>\$464,026,513</u>

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5. Fair Value Measurement, continued:

Investments recorded at cost at June 30, 2012 totaled \$3,189,577.

	Liabilities at Fair Value as of June 30, 2012			
	Level 1	Level 2	Level 3	Total
Swap contracts	\$0	\$33,118,730	\$0	\$33,118,730
Total	\$0	\$33,118,730	\$0	\$33,118,730

A roll forward of those assets and liabilities as Level 3 within the fair value hierarchy by TJUH is as follows:

Description	Hedge Fund	Private Equity	Real Estate	Total
Opening balance	\$25,216,683	\$13,060,936	\$6,699,612	\$44,977,231
Transfer out	-	(105)	-	(105)
Transfer in	-	97	-	97
Acquisitions	13,950,148	3,600,914	968,522	18,519,584
Dispositions	(9,214,118)	(3,661,917)	(2,428,918)	(15,304,953)
Net realized gain (loss)	886,516	449,435	(445,845)	890,106
Net unrealized gain (loss)	(1,353,761)	977,150	854,607	477,996
Closing balance at June 30, 2012	\$29,485,468	\$14,426,510	\$5,647,978	\$49,559,956

The following table presents assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy as of June 30, 2011:

	Assets at Fair Value as of June 30, 2011			
	Level 1	Level 2	Level 3	Total
Hedge funds	\$0	\$0	\$25,216,683	\$25,216,683
Cash & cash equivalents	120,577,893	20,817,398	-	141,395,291
Equity securities	23,566,695	-	-	23,566,695
Fixed income securities	25,184,781	121,519,099	-	146,703,880
Mutual funds	-	52,337,201	-	52,337,201
External trusts	-	2,191,768	-	2,191,768
Preferred securities	21,282	-	-	21,282
Private equity	-	-	13,060,936	13,060,936
Real estate	-	7,746,003	6,699,612	14,445,615
Total	\$169,350,651	\$204,611,469	\$44,977,231	\$418,939,351

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June 30, 2012 and 2011

5. Fair Value Measurement, continued:

Investments recorded at cost at June 30, 2011 totaled \$3,631,039.

	Liabilities at Fair Value as of June 30, 2011			
	Level 1	Level 2	Level 3	Total
Swap contracts	\$0	\$18,202,761	\$0	\$18,202,761
Total	\$0	\$18,202,761	\$0	\$18,202,761

A roll forward of those assets and liabilities as Level 3 within the fair value hierarchy by TJUH is as follows:

Description	Hedge Fund	Private Equity	Real Estate	Total
Opening balance	\$23,476,594	\$12,262,723	\$6,943,475	\$42,682,792
Transfer out	-	-	(164,984)	(164,984)
Transfer in	-	164,984	-	164,984
Acquisitions	2	5,645,388	1,244,216	6,889,606
Dispositions	(120,712)	(7,504,059)	(604,474)	(8,229,245)
Net realized gain (loss)	(420,622)	1,401,610	(168,947)	812,041
Net unrealized gain (loss)	2,281,421	1,090,290	(549,674)	2,822,037
Closing balance at June 30, 2011	\$25,216,683	\$13,060,936	\$6,699,612	\$44,977,231

6. Endowment:

TJUH's endowment consists of approximately 126 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

TJUH has interpreted the Pennsylvania State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, TJUH classifies as permanently net restricted assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund, except for beneficial interests in perpetual trusts, that is not classified in permanently restricted net assets is classified as temporarily

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6. Endowment, continued:

restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

At June 30, 2012, the endowment net asset composition consisted of the following:

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>\$62,803,675</u>	<u>\$18,295,358</u>	<u>\$7,864,002</u>	<u>\$88,963,035</u>

Also included in permanently restricted net assets were investments in perpetual trust funds of \$2,065,846 and assets held by an affiliated foundation of \$2,259,295.

Changes in endowment net assets for the year ended June 30, 2012 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$66,381,352	\$19,909,004	\$7,871,205	\$94,161,561
Investment return:				
Investment (loss) income	(355)	3,038	-	2,683
Net realized and unrealized depreciation	<u>(2,111,568)</u>	<u>(679,473)</u>	<u>-</u>	<u>(2,791,041)</u>
Total investment income	<u>(2,111,923)</u>	<u>(676,435)</u>	<u>-</u>	<u>(2,788,358)</u>
Contributions	143,265	257,712	4,000	404,977
Appropriation of endowment assets for expenditure	(2,682,290)	(1,133,070)	-	(3,815,360)
Other changes:				
Additions/transfers	1,076,603	(61,853)		1,014,750
Reclassification	<u>(3,332)</u>	<u></u>	<u>(11,203)</u>	<u>(14,535)</u>
Endowment net assets, end of year	<u>\$62,803,675</u>	<u>\$18,295,358</u>	<u>\$7,864,002</u>	<u>\$88,963,035</u>

TJUH System
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

6. Endowment, continued:

At June 30, 2011, the endowment net asset composition by type of fund consisted of the following:

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>\$66,381,352</u>	<u>\$19,909,004</u>	<u>\$7,871,205</u>	<u>\$94,161,561</u>

Also included in permanently restricted net assets were investments in perpetual trust funds of \$2,191,768 and assets held by an affiliated foundation of \$2,259,295.

Changes in endowment net assets for the year ended June 30, 2011 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$57,366,148	\$16,871,955	\$7,880,477	\$82,118,580
Investment return:				
Investment income	621,360	294,084	-	915,444
Net realized and unrealized appreciation	<u>9,996,966</u>	<u>4,272,825</u>	<u>-</u>	<u>14,269,791</u>
Total investment income	<u>10,618,326</u>	<u>4,566,909</u>	<u>-</u>	<u>15,185,235</u>
Contributions	63,704	4,635	-	68,339
Appropriation of endowment assets for expenditure	(2,995,881)	(1,295,153)	-	(4,291,034)
Other changes:				
Additions/transfers	1,329,055	(239,342)		1,089,713
Reclassification	<u></u>	<u></u>	<u>(9,272)</u>	<u>(9,272)</u>
Endowment net assets, end of year	<u>\$66,381,352</u>	<u>\$19,909,004</u>	<u>\$7,871,205</u>	<u>\$94,161,561</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires TJUH to retain as a fund of perpetual duration. Shortfalls of this nature, which are reported in unrestricted net assets, were \$9,451 as of June 30, 2012. These shortfalls resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by TJUH's Board of Trustees.

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7. Medical Resident FICA Refund:

In March 2010, the IRS announced that for periods ending before April 1, 2005, medical residents would be eligible for the student exception of FICA taxes. Institutions that had filed timely FICA refund claims covering periods up through that date are eligible for refunds of both the employer and employee portions of FICA taxes paid, plus statutory interest. As a result of this decision by the IRS, TJUH recorded other revenue of \$14,500,000 for the employer portion and also recorded accounts receivable of \$21,750,000 and accrued liabilities of \$7,250,000. Accounts receivable include both the employer and medical residents' amounts and accrued liabilities include the portion of the refund which may be collected on behalf of the medical residents. This estimate reflects the initial valuation of the refund, which may be subject to changes in future periods.

8. Land, Buildings and Equipment:

A summary of land, buildings and equipment at June 30, 2011 and 2010 is as follows:

	2012	2011
Land and land improvements	\$16,251,573	\$16,226,973
Buildings and building improvements	560,467,797	527,082,548
Equipment	565,040,331	518,963,674
Leasehold improvements	11,293,827	7,894,556
Construction in progress	<u>8,384,972</u>	<u>21,957,467</u>
Subtotal	1,161,438,500	1,092,125,218
Less: accumulated depreciation	<u>(622,110,745)</u>	<u>(560,783,498)</u>
Total	<u>\$539,327,755</u>	<u>\$531,341,720</u>

Buildings and building improvements, leasehold improvements, and land improvements are depreciated using an average estimated useful life of 20 years. Equipment is depreciated using an average estimated useful life of 8 years. No depreciation expense is taken on land or construction in progress. TJUH recorded depreciation expense of \$61,993,584 and \$54,427,284 in 2012 and 2011, respectively.

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June 30, 2012 and 2011

9. Long-Term Obligations:

Long-term obligations at June 30, 2012 and 2011 consisted of the following:

	2012	2011
The Hospitals and Higher Education Facilities Authority of Philadelphia Series of 2003 Hospital Revenue Bonds (a)	\$985,000	\$1,180,000
The Pennsylvania Economic Development Financing Authority Series of 2007 TJUH System Revenue Bonds (b)	-	100,000,000
Mortgage Loan - 925 Chestnut Street (c)	19,793,656	20,707,665
Operating Line of Credit (d)	225,000	750,000
Capital Lease Obligations (e)	7,208,949	8,890,078
Promissory note (f)	-	60,000
Subtotal	28,212,605	131,587,743
Less: amounts due within one year	(2,683,054)	(2,675,950)
Total	<u>\$25,529,551</u>	<u>\$128,911,793</u>

- (a) On June 30, 2003, the Hospitals and Higher Education Facilities Authority of Philadelphia issued the Series of 2003 Hospital Revenue Bonds, maturing on January 1, 2017, in the amount of \$6,500,000 for the "Thomas Jefferson University Hospital Project". The proceeds of the bonds were used to provide funding for the construction and equipping of improvements to the existing facilities of TJUH and its affiliates located in the City of Philadelphia, Pennsylvania; the refinancing of the Methodist Hospital Nursing Center Mortgage and Construction Loan, the Methodist Hospital Term Loan, and the Suthbreit Mortgage Loan; and, the payment of the costs of issuing the bonds.

The bonds are remarketed weekly by a bank and traded at a rate of 0.22% at June 30, 2012. Interest rates ranged from 0.07% to 0.30% during 2012. TD Bank is the remarketing agent for the bonds. The bonds may be converted to a long-term rate or to a short-term rate with a different short-term rate period, as elected by TJUH, following which such bonds will bear interest at a variable rate determined by TD Bank.

A reimbursement agreement was entered into with the bank to provide for the issuance of a long-term letter of credit under which TJUH will reimburse the bank for draws upon the letter of credit. The letter of credit provides amounts sufficient to pay the purchase price of any bonds tendered for purchase and not remarketed. The termination date is June 30, 2014.

- (b) On August 16, 2007, The Pennsylvania Economic Development Financing Authority (the "Authority") issued the Series 2007 TJUH System Revenue Bonds (the "Bonds"), maturing on October 1, 2037, in the amount of \$100,000,000. The Bonds were issued in conjunction with \$34,650,000 of Series 2007 Main Line Health Revenue Bonds pursuant to a Trust Indenture dated August 1, 2007, with The Bank of New York Trust Company, N.A., as bond trustee. These bonds were refinanced in June 2012 by the Series B of 2012 Bonds issued by JHS as described in Note 9 below. As a result of this transaction, TJUH recognized a loss on extinguishment of \$470,181 in June 2012.

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9. Long-Term Obligations, continued:

- (c) On December 10, 2009, Bank of America N.A. provided a mortgage loan to TJUH. The loan proceeds were used to fund the acquisition of the property located at 925 Chestnut Street, Philadelphia, Pennsylvania. The loan bears interest at a rate equal to LIBOR plus 190 basis points with a mortgage-style amortization of 20 years.
- (d) The balance outstanding for the line of credit for Riverview was \$225,000 and \$750,000 as of June 30, 2012 and 2011, respectively.
- (e) On October 9, 2009, a Master Lease Agreement was entered into between TD Equipment Finance, Inc. ("Lessor") and Riverview ("Lessee") for a term of 60 months commencing July 2010 in the amount of \$5,960,718. Lease payments are due on the first day of each month and may be adjusted upward by the Lessor in order to preserve the Lessor's pre-tax yield which is indexed on a one-to-one basis to reflect any increases in the Lessor's cost of funds.

In 2010, the operating lease for the Voorhees Ambulatory Facility was recharacterized to a capital lease due to a change in terms of the lease agreement. The Voorhees Ambulatory Facility was capitalized in the amount of \$3,560,794. The original lease was entered into on December 31, 1998. The term of the underlying loan is 25 years which includes rate resets every five years. The rate effective January 1, 2009 and for the ensuing five years is 2.55%.

- (f) On January 7, 2011, a promissory note was issued as partial payment for an Oral Surgery practice in the amount of Sixty Thousand Dollars (\$60,000), together with interest at 4% per annum. The note was repaid during FY12.

Capital Leases

The following is a schedule by years of future minimum lease payments as of June 30, 2012:

2013	1,594,897
2014	1,659,296
2015	1,726,667
2016	529,884
2017	313,927
Thereafter	<u>1,384,278</u>
Total	<u>\$7,208,949</u>

The net book value of property and equipment recorded under capital leases was \$8,210,371 and \$9,052,245 at June 30, 2012 and June 30, 2011, respectively, representing the building value of the Voorhees Ambulatory Facility and certain equipment at Riverview. Accumulated depreciation of the property and equipment recorded under capital leases was \$1,997,546 and \$1,089,844 at June 30, 2012 and June 30, 2011, respectively. Depreciation expense on the outstanding obligations under the capital leases was \$907,702 and \$859,954 in 2012 and 2011, respectively.

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9. Long-Term Obligations, continued:

Annual maturities of long-term debt for each of the next five years and thereafter are as follows:

2013	\$2,683,054
2014	2,747,454
2015	2,819,825
2016	1,853,042
2017	1,372,085
Thereafter	<u>16,737,145</u>
Total	<u>\$28,212,605</u>

Due to Jefferson Health System

"Due to Jefferson Health System" represents \$294,520,000, excluding unamortized premium of \$2,425,866, which TJUH has agreed to pay JHS pursuant to a certain Group Debt Allocation Agreement among JHS, TJUH, and MLH, collectively referred to as the "Institutions". This agreement allocates the principal and interest owed in connection with the obligations incurred by JHS under an Amended and Restated Master Trust Indenture, which was originally dated November 1, 1997, (collectively, the "Master Obligations") among the Institutions and certain of their respective members.

On April 7, 2005, the Pennsylvania Economic Development Financing Authority issued the Series 2005A Health System Revenue Bonds, maturing on May 15, 2038, in the amount of \$26,720,000. In addition to paying the costs of issuing the bonds, the proceeds of the bonds were used to finance a portion of the costs incurred in the acquisition of the short-term acute care hospital business of St. Agnes Medical Center; a portion of the costs incurred in the expansion of emergency care facilities, capital improvements, equipment purchases and other capital expenditures at Methodist Hospital; and, the costs incurred in the acquisition of a 40% interest in the limited liability partnership established by St. Agnes Medical Center (now named St. Agnes Continuing Care Center) to own and operate St. Agnes Continuing Care Center's new long-term acute care hospital.

The Series 2005A bonds are remarketed weekly and traded at a rate of 0.32% at June 30, 2012. Interest rates ranged from 0.07% to 0.36% during 2012. UBS Financial Services, Inc. ("UBS") is the remarketing agent for the bonds. The bonds may be converted to a daily interest rate, long-term interest rate, bond interest term rate, indexed put rate, or auction rate, as elected by JHS. The bonds also are subject to optional, extraordinary, mandatory, and mandatory sinking fund redemption prior to maturity.

On July 1, 2010, JHS issued \$183,395,000 par amount of Series 2010B Bonds to refinance the Series 1997A and 1997B bonds. The Series 2010B Bonds were issued through the Hospitals and Higher Education Facilities Authority of Philadelphia as of July 1, 2010 to refinance the outstanding portion of the previously issued Series 1997A and 1997B Bonds.

As a result of this transaction, TJUH recognized a loss on extinguishment of \$3,844,488 in July 2010.

On June 21, 2012, JHS issued \$100,000,000 par amount of Series 2012B Bonds through the Montgomery County Industrial Development Authority. JHS used the 2012B Bond proceeds to

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9. Long-Term Obligations, continued:

refund the Pennsylvania Economic Development Financing Authority's Thomas Jefferson University Hospital Revenue Bonds, Series 2007.

As of June 1, 2012, JHS entered into a Seventh Supplement to the Amended and Restated Master Trust Indenture, which was originally dated November 1, 1997, which provides for, among other things, the issuance from time to time of general unsecured debt obligations of JHS. The Seventh Supplement to the Amended and Restated Master Trust Indenture was entered into in connection with the issuance of the Series A of 2012 and the Series B of 2012. None of the Members of JHS are directly obligated to pay the bondholders the principal or interest on any bonds issued pursuant to the Master Trust Indenture. As of June 30, 2012, the Master Obligations aggregated approximately \$512,900,000.

In addition, JHS entered into an Amended and Restated Contribution Agreement, dated as of June 1, 2012 with certain TJUH entities and certain MLH entities (the "Institutions") whereby the Institutions have agreed to pay, loan or otherwise transfer to JHS such amounts as are necessary to pay the principal of and interest on the Series 2005A, the Series 2010A Bonds, the Series 2010B Bonds, the Series 2012A Bonds and the Series 2012B Bonds.

The Contribution Agreement and Group Debt Allocation Agreement are based on the debt as allocated and principal and interest repayment amounts will be subject to change if these funds are reallocated. As part of this Contribution Agreement, the rate of interest and the annual maturities on the loan from JHS are commensurate with the rate of interest (varying from 0.07% to 0.36% during 2012) and annual maturities on the JHS bonds.

Annual maturities of TJUH's long-term obligation to JHS for each of the next five years and thereafter are as follows:

2013	\$4,940,000
2014	5,125,000
2015	5,280,000
2016	5,450,000
2017	5,660,000
Thereafter	<u>268,065,000</u>
Subtotal	<u>294,520,000</u>
Plus: net unamortized premium	<u>2,425,866</u>
Total	<u>\$296,945,866</u>

In order to fix its interest rates JHS entered into various interest rate swap agreements with notional amounts of \$253,770,000 and \$254,470,000 at June 30, 2012 and June 30, 2011 respectively. All of these swap transactions had a forward starting date within 2008. The London InterBank Offered Rate ("LIBOR") British Bankers' Association ("BBA") rates for the one month ranged from 0.18% to 0.30% (average rate of 0.24%) in 2012. The LIBOR BBA rates for the five year ranged from 0.94% to 2.08% (average rate of 1.25%) in 2012.

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9. Long-Term Obligations, continued:

Expiration Date	JHS Receives	JHS Pays	Notional Amount at June 30, 2012	Notional Amount at June 30, 2011	Balance Sheet Location	Fair Value at June 30, 2012	Fair Value at June 30, 2011
May 1, 2018	68% of United States Dollar Libor BBA (One Month)	3 8570%	\$19,770,000	\$19,870,000	Noncurrent liability	\$3,352,840	\$2,655,790
May 1, 2027	68% of United States Dollar Libor BBA (One Month)	3 919%	\$74,300,000	\$74,475,000	Noncurrent liability	\$20,202,095	\$11,995,015
May 1, 2027	68% of United States Dollar Libor BBA (One Month)	3 980%	\$42,700,000	\$42,825,000	Noncurrent liability	\$11,870,986	\$7,157,045
May 1, 2027	68% of United States Dollar LIBOR BBA (Five Year minus 0 2930%)	68% of United States Dollar Libor BBA (One Month)	\$74,300,000	\$74,475,000	Noncurrent liability	-\$1,999,232	-\$3,559,096
May 1, 2027	68% of United States Dollar LIBOR BBA (Five Year minus 0 325%)	68% of United States Dollar Libor BBA (One Month)	\$42,700,000	\$42,825,000	Noncurrent liability	-\$307,960	-\$45,994

Nonoperating losses of \$14,915,969 and nonoperating gains of \$4,861,767 on the swap agreements were included in the consolidated statements of operations in 2012 and 2011, respectively. Accumulated losses of \$33,118,730 and \$18,202,761 at June 30, 2012 and 2011, respectively, for these transactions are included in other noncurrent liabilities.

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10. Commitments and Contingencies:

Operating Leases

TJUH has various lease obligations for buildings, equipment and ambulatory facilities. Lease expenses charged to operations were \$20,198,548 and \$20,063,646 in 2012 and 2011, respectively. At June 30, 2012 the estimated minimum future non-cancelable rental lease commitments are as follows:

2013	\$20,214,324
2014	19,408,295
2015	18,782,416
2016	13,932,275
2017	11,234,061
Thereafter	<u>22,997,598</u>
Total	<u>\$106,568,969</u>

Certain of the future minimum lease payments related to the ambulatory facilities leases are contingent upon the interest rates indexed to various standard financial instruments. In addition, certain leases for office space are on a year-to-year basis.

Line of Credit

TJUH had available unsecured lines of credit totaling \$15,750,000 as of June 30, 2012 and June 30, 2011. Outstanding amounts were \$225,000 and \$750,000 as of June 30, 2012 and June 30, 2011, respectively. The \$15,000,000 line of credit expires on April 30, 2013 while the \$750,000 line of credit was closed on August 2, 2012.

Letters of Credit

TJUH had available open letters of credit aggregating \$25,440,000 at June 30, 2012 and June 30, 2011, respectively. The letters of credit expire between December 31, 2012 and June 30, 2014.

Litigation

TJUH is involved in litigation and regulatory investigations arising in the ordinary course of business. In the opinion of management, all such matters are adequately covered by commercial insurance or by accruals, and if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a material adverse effect on the financial position or results of operations of TJUH.

On November 20, 2009, a class action lawsuit was filed against JHS and the Members by certain hourly employees alleging restitution for unfair business practices, injunctive relief for unfair business practices, failure to pay overtime wages, and penalties associated therewith. On September 8, 2011, the Court granted the defendants' motions to dismiss all asserted claims but provided the plaintiffs with thirty days to file a second complaint. Plaintiffs filed a second amended complaint on November 10, 2011. Plaintiffs agreed to withdraw the RICO claim and their claims against individual defendants when they were confronted with a Rule 11 letter related to the RICO claim. On February 10, 2012, they filed a Third Amended Complaint. JHS filed a motion to dismiss the entire Third Amended Complaint. On August 8, 2012, the Court dismissed the Third Amended Complaint with prejudice to plaintiffs' claim under the Fair Labor Standards Act. The Court dismissed the state law claims without prejudice, allowing plaintiffs to file those claims in state court. On September 15,

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10. Commitments and Contingencies, continued:

2012, Plaintiffs appealed all orders in this matter. The matter is now in the United States Court of Appeals for the Third Circuit. No scheduling order has been issued at this time.

JHS is unable to determine the cost of defending such a lawsuit or the impact, if any, this action may have on its results of operations

11. Related Party Transactions:

Thomas Jefferson University

Services provided by TJU to TJUH include physician and non-physician personnel and other support services necessary to preserve and maintain the tertiary care capacity of TJUH. TJU also provides office and clinical space, as well as administrative, finance, human resources, information technology, maintenance, security, temporary staffing and other ancillary services to TJUH. Expenses charged for these services aggregated \$182,993,313 and \$175,884,239 in 2012 and 2011, respectively. The costs in 2012 and 2011, respectively, include \$12,000,000 and \$17,500,000, respectively to offset a portion of professional liability expense incurred by Jefferson University Physicians (“JUP”), an affiliate of TJU.

TJUH provides TJU with certain office and clinical space, as well as housekeeping, catering, employee health, information systems, telecommunications, supply chain management, and other support services. Expenses charged to TJU for these services aggregated \$38,196,721 and \$37,259,182 in 2012 and 2011, respectively.

Jefferson Health System

TJUH has been charged a management fee, internal audit fees and information systems support costs by JHS of \$3,890,384 and \$4,434,491 in 2012 and 2011, respectively. TJUH has recorded expense related to the JHS bonds of \$7,763,141 and \$8,018,165 in 2012 and 2011, respectively.

TJUH has been charged by MLH for management support services, rent, and clinical lab services. Expenses charged for these services aggregated \$1,168,731 and \$1,066,801 in 2012 and 2011, respectively.

TJUH provided various services to MLH and Magee for biomedical engineering, physician referral, residency program, laundry, pastoral care, accounting management, temporary patient care, and equipment rental. Expenses charged to affiliates for these services aggregated \$1,917,054 and \$1,900,749 in 2012 and 2011, respectively.

TJUH System
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

12. Pension Plan:

TJUH has a non-contributory defined benefit plan covering full-time employees who were at least age 50 or had 15 years of service as of June 30, 2004 and elected to remain in the defined benefit plan. Generally, benefits under the plan are based on the employee's compensation and years of service. Contributions to the plan are designed to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974 ("ERISA").

Items included in unrestricted net assets represent amounts that have not been recognized in net periodic pension expense. The components recognized in unrestricted net assets as of June 30, 2012 and 2011 include:

	<u>2012</u>	<u>2011</u>
Amounts recognized in unrestricted net assets		
Net actuarial loss	\$111,346,548	\$70,195,953
Total	<u>\$111,346,548</u>	<u>\$70,195,953</u>

The net actuarial loss amortized from unrestricted net assets into net periodic benefit cost was as follows:

	<u>2012</u>	<u>2011</u>
Net actuarial loss	\$4,117,385	\$5,685,272

TJUH System
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

12. Pension Plan, continued:

The following table sets forth the change in the projected benefit obligation and the change in the fair value of plan assets based on the measurement date, as well as the amounts recognized in the accompanying consolidated financial statements at June 30, 2012 and 2011:

	2012	2011
Accumulated benefit obligation, end of year	<u>\$310,238,246</u>	<u>\$265,384,382</u>
Change in projected benefit obligation		
Benefit obligation, beginning of year	\$291,456,291	\$274,704,722
Service cost	6,182,187	6,361,473
Interest cost	15,904,584	14,278,899
Actuarial loss	33,487,616	1,993,382
Benefits paid	<u>(6,823,093)</u>	<u>(5,882,185)</u>
Projected benefit obligation, end of year	<u>\$340,207,585</u>	<u>\$291,456,291</u>
Change in plan assets		
Fair value of plan assets, beginning of year	\$201,142,944	\$159,683,551
Actual return on plan assets, net of expenses	5,163,039	30,057,946
Employer contributions	14,618,176	17,283,632
Benefits paid	<u>(6,823,093)</u>	<u>(5,882,185)</u>
Fair value of plan assets, end of year	<u>\$214,101,066</u>	<u>\$201,142,944</u>
Net pension liability, end of year	<u>(\$126,106,519)</u>	<u>(\$90,313,347)</u>
Amounts recognized in the consolidated balance sheets consist of		
Noncurrent liabilities	<u>(126,106,519)</u>	<u>(90,313,347)</u>
Total recognized in the consolidated balance sheets	<u>(\$126,106,519)</u>	<u>(\$90,313,347)</u>

The weighted-average assumptions used in measurement of the projected benefit obligation were as follows:

	2012	2011
Discount rate	4.68%	5.53%
Expected return on plan assets	7.75%	8.25%
Rate of compensation increase	3.25%	3.25%

TJUH System
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

12. Pension Plan, continued:

The following table sets forth the periodic benefit cost activity of the Plan at June 30, 2012 and 2011:

	2012	2011
Components of net periodic pension cost		
Service cost	\$6,182,187	\$6,361,473
Interest cost	15,904,584	14,278,899
Expected return on plan assets	(16,943,403)	(13,596,893)
Actuarial loss	4,117,385	5,685,272
Net periodic cost	<u>\$9,260,753</u>	<u>\$12,728,751</u>
Other changes in plan assets and benefit obligation recognized in changes to unrestricted net assets		
Net actuarial loss (gain) arising during measurement period	45,267,980	(14,467,671)
Amortization of actuarial loss	<u>(4,117,385)</u>	<u>(5,685,272)</u>
Total recognized in changes to unrestricted net assets	<u>\$41,150,595</u>	<u>(\$20,152,943)</u>

The weighted-average assumptions used in measurement of the periodic pension costs were as follows:

	2012	2011
Discount rate	5.53%	5.26%
Expected return on plan assets	8.25%	8.25%
Rate of compensation increase	3.25%	3.50%

For its defined benefit pension plan, TJUH pools funds for investment with TJU and utilizes the unitization method of accounting for investments in pooled funds. TJUH had 65% and 66% of the total shares of the pooled funds at June 30, 2012 and 2011, respectively.

A summary of the Plan's targeted and actual asset allocations are as follows:

	Targeted Range	% of Actual Plan Assets 2012	% of Actual Plan Assets 2011
Cash	0-5%	3%	6%
Stocks - Domestic	35-45%	35%	35%
Stocks - International	12-18%	18%	19%
Bonds	27-33%	33%	29%
Real Estate and Other	9-21%	11%	11%
Total		<u>100%</u>	<u>100%</u>

TJUH System
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

12. Pension Plan, continued:

Assets at Fair Value as of June 30, 2012				
	Level 1	Level 2	Level 3	Total
Domestic equity	\$26,865,830	\$36,367,211	\$0	\$63,233,041
Global equity	0	10,863,153	0	10,863,153
International equity	0	27,611,108	0	27,611,108
Real assets	0	5,366,579	1,427,841	6,794,420
Private equity/Venture capital	0	56,496	2,713,466	2,769,962
Hedge funds	0	0	24,300,488	24,300,488
Fixed income	0	71,801,243	0	71,801,243
Cash	(3,227,638)	9,955,289	0	6,727,651
Total	<u>\$23,638,192</u>	<u>\$162,021,079</u>	<u>\$28,441,795</u>	<u>\$214,101,066</u>

Assets at Fair Value as of June 30, 2011				
	Level 1	Level 2	Level 3	Total
Domestic equity	\$27,620,604	\$33,548,071	\$0	\$61,168,675
Global equity	0	9,885,881	0	9,885,881
International equity	0	29,628,895	0	29,628,895
Real assets	0	0	1,214,571	1,214,571
Private equity/Venture capital	0	5,507,776	3,710,188	9,217,964
Hedge funds	0	0	20,414,492	20,414,492
Fixed income	3,905,055	54,148,666	0	58,053,721
Cash	(773,274)	12,332,019	0	11,558,745
Total	<u>\$30,752,385</u>	<u>\$145,051,308</u>	<u>\$25,339,251</u>	<u>\$201,142,944</u>

The portfolio utilizes a long-term asset allocation strategy that allows management to rebalance the asset allocation back to target levels on a monthly basis. Short-term compliance with the target ranges can be impacted by the severity of market conditions.

The expected long-term rates of return for the Plan's assets are based on the historical return of each of the above categories, weighted based on the target allocations for each class.

TJUH System
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

12. Pension Plan, continued:

A roll forward of those assets and liabilities as Level 3 within the fair value hierarchy by TJUH is as follows:

Description	Hedge Fund	Real Estate	PE/VC	Total
Opening balance	\$20,414,492	\$1,214,571	\$3,710,188	\$25,339,251
Acquisitions	14,148,739	185,183	(36,279)	14,297,643
Dispositions	(8,315,993)	(157,477)	(943,442)	(9,416,912)
Realized gain/(loss)	465,609	(503,064)	83,271	45,816
Unrealized gain/(loss)	(2,412,359)	688,628	(100,272)	(1,824,003)
Closing balance at June 30, 2012	<u>\$24,300,488</u>	<u>\$1,427,841</u>	<u>\$2,713,466</u>	<u>\$28,441,795</u>

Description	Hedge Fund	Real Estate	PE/VC	Total
Opening balance	\$19,278,345	\$1,073,742	\$7,804,257	\$28,156,344
Acquisitions	-	13,081	1,947,554	1,960,635
Dispositions	(118,854)	(117,121)	(6,974,869)	(7,210,844)
Realized gain/(loss)	(371,802)	(155,631)	1,488,601	961,168
Unrealized gain/(loss)	<u>1,626,803</u>	<u>400,500</u>	<u>(555,355)</u>	<u>1,471,948</u>
Closing balance at June 30, 2011	<u>\$20,414,492</u>	<u>\$1,214,571</u>	<u>\$3,710,188</u>	<u>\$25,339,251</u>

Projected benefit payments for the next ten years are as follows:

2013	\$8,964,000
2014	10,239,000
2015	11,668,000
2016	13,170,000
2017	14,835,000
2018 - 2021	<u>98,026,000</u>
Total	<u>\$156,902,000</u>

In aggregate, TJUH projects it will make contributions of approximately \$16.8 million to the plan in 2013.

TJUH System
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

12. Pension Plan, continued:

Effective July 1, 2004, TJUH established a defined contribution plan for the following non-union and non-faculty employee groups: new employees; employees below the age of 50; and, employees with less than 15 years of service. Employees age 50 and over and employees with 15 or more years of service were given the option to stay in the defined benefit plan or switch to the new defined contribution plan. Employees who moved to the new defined contribution plan no longer accrue benefits in the defined benefit plan. Their previously accumulated benefits will be distributed to them upon retirement or termination. The defined contribution plan formula includes a fixed employer contribution of 4.5% and a matching contribution of 25% of the first 6% of employee contributions. Employer contribution expenses were \$13,843,569 and \$12,044,762 in 2012 and 2011, respectively. An employer contribution of 9% to 13% exists for senior faculty administration based upon age and years of service. Employer contribution expenses for senior faculty administration were \$2,503,500 and \$2,472,646, in 2012 and 2011, respectively. These amounts have been included in the accompanying consolidated statements of operations and changes in net assets.

Participation in Multiemployer Defined Benefit Pension Plan

Through its affiliation with TJU, TJUH is a participating employer in The Pension Fund for Hospital and Health Care Employees – Philadelphia and Vicinity (the “Pension Fund”), a jointly-trusted multiemployer defined benefit pension plan. The Pension Fund is operated for the benefit of Chapter 1199C of the American Federation of State, County and Municipal Employees (the “Union”). Information about the Pension Fund and TJUH’s participation is summarized below:

The employer identification number for the Pension Fund is 23-2627428.

TJUH contributions to the Pension Fund were \$3,607,713 and \$3,388,953 for each of the years ended June 30, 2012 and 2011, respectively. These contributions represent approximately 28% and 27% of contributions to the Pension Fund, respectively.

The collective bargaining agreement with 1199C expired on June 30, 2012. A new six-year agreement was approved on July 1, 2012. For the year ended June 30, 2012, TJUH contributed approximately 10% of covered payroll to the Pension Fund and increases to 12.5% for the year beginning July 1, 2012.

For the Plan Years beginning January 1, 2010 and 2011, the Pension Fund was determined to be in critical status (also referred to as red zone status) under the Pension Protection Act of 2006. Accordingly, the Pension Fund is subject to a funding improvement plan.

At December 31, 2011, the most recent date for which such information is available, the projected benefit obligation of the Pension Fund exceeded the plan assets by \$179,858,589.

TJUH System
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

13. Professional Liability Claims:

TJUH's professional liability insurance program is administered by JHS. TJUH has accrued professional liability claims of \$114,676,291 and \$103,195,177 at June 30, 2012 and 2011, respectively, of which \$12,022,884 and \$9,860,519 were current. TJUH has recognized professional liability expenses of \$35,093,871 and \$21,445,290 in 2012 and 2011, respectively. The interest rate used to discount malpractice claims was 3% at June 30, 2012 and 2011.

The first ("primary") layer of coverage is claims-made coverage with limits of \$500,000 per medical incident and \$2,500,000 annual aggregate per hospital and \$500,000 per medical incident and \$1,500,000 annual aggregate per physician. The limits for this primary coverage layer are statutorily prescribed in Pennsylvania. In addition, a \$1,000,000 per medical incident and \$3,000,000 annual aggregate limit is provided for scheduled dentists, as well as physicians and residents practicing in Delaware and New Jersey. At June 30, 2012 and 2011, TJUH non-healthcare provider entities are provided with a shared \$1,000,000 per incident and \$3,000,000 annual aggregate limit of liability. JUP non-healthcare provider entities continue to be provided with a shared \$1,000,000 per incident and \$2,000,000 annual aggregate limit of liability. In addition, at June 30, 2012 and 2011, TJUH non-healthcare provider entities are provided with a shared \$1,000,000 per incident and \$2,000,000 annual aggregate limit of liability. TJUH and its subsidiaries obtain primary hospital and physician professional liability, miscellaneous professional liability and general liability coverage through a policyholder-owned, Vermont-domiciled, risk retention group, Mountain Laurel Risk Retention Group, Inc. (the "RRG"). For professional liability coverage, the RRG is 100% reinsured by a JHS-owned, Delaware-domiciled, 501(c) (3) sponsored protected cell insurance company, Five Pointe Professional Liability Insurance Company ("Five Pointe").

The RRG retains the general liability coverage exposure. The RRG provides a \$2,000,000 per incident and \$5,000,000 annual aggregate general liability coverage limit shared by TJUH and the other members of JHS. At June 30, 2012 and 2011, a separate general liability policy with a \$1,000,000 per incident and \$2,000,000 annual aggregate general liability coverage limit is provided to TJUH. The premiums charged for the primary professional and general liability layers of coverage are determined by an independent outside actuary, based on loss and loss adjustment expense experience and other factors, at a 65% confidence level and a 3% discount rate for 2012 and 2011 and include a charge for premium tax and operating expenses.

The second layer of professional liability coverage is provided through Pennsylvania's Medical Care Availability and Reduction of Error Fund (the "MCARE Fund"). This second layer, required by statute, consists of coverage with limits of \$500,000 per incident and \$1,500,000 annual aggregate per hospital and per employed physician/resident at June 30, 2012 and 2011. The annual assessments for MCARE Fund coverage are based on the schedule of occurrence rates approved by the Insurance Commissioner of Pennsylvania for the Pennsylvania Professional Liability Joint Underwriting Association multiplied by an annual assessment percentage. This assessment is recognized as an expense in the period incurred. No provision has been made for future MCARE Fund assessments as the unfunded portion of the MCARE Fund liability cannot be reasonably estimated.

Liabilities for TJUH for potential losses in excess of the primary and MCARE layers up to \$5,000,000 each medical incident and \$5,000,000 aggregate retention excess of a \$7,000,000 each and every medical incident retention are based on actuarially-determined estimates, which reflect a

TJUH System
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

13. Professional Liability Claims, continued:

65% confidence level and a 3% discount rate for 2012 and 2011. These estimates are based on historical information along with certain assumptions about future events. Changes in assumptions for such considerations as medical costs and actual experience could cause these estimates to change.

During 2012 and 2011, TJUH maintained claims-made excess catastrophic professional liability insurance coverage through Five Pointe in the amount of \$90,000,000 per medical incident and \$90,000,000 annual aggregate after a \$5,000,000 each medical incident and \$5,000,000 aggregate retention excess of a \$7,000,000 each and every medical incident retention (inclusive of the primary and MCARE layers of coverage). During 2012 and 2011, Five Pointe reinsured 100% of this risk to six currently A-rated insurers (ACE, Zurich, Allied World, Berkley, Endurance, and Swiss Re). A separate limit of \$90,000,000 per occurrence and \$90,000,000 aggregate is also maintained to provide liability insurance coverage excess of the primary general, auto, employers and aviation liability coverages.

The GAAP presentation for insurance claims and associated insurance recoveries for healthcare organizations is required for 2012 only. Under the new guidance, health care entities are required to reflect their "gross" exposure to claims liabilities with a corresponding receivable for insurance recoveries in order to be consistent with other industries. The amount recorded for 2012 as an other non-current asset and as a portion of non-current accrued professional liability claims is \$103,039,407.

14. Workers' Compensation Claims:

Effective July 1, 2002, TJUH began self-insuring its workers' compensation exposures. TJUH accrues for its workers' compensation liability based upon actuarial estimates using a discount rate of 3%. Accrued workers' compensation liabilities were \$16,806,953 and \$16,474,336 at June 30, 2012 and 2011, respectively. These amounts are presented in the accompanying consolidated balance sheets. Workers' compensation expense was \$7,447,173 and \$7,758,618 in 2012 and 2011, respectively.

15. Fair Value of Financial Instruments:

The following methods and assumptions were used by TJUH in estimating fair value disclosures for financial statements:

Cash and Cash Equivalents: The carrying amount of cash and cash equivalents

Short-term investments: Short-term investments are carried at fair value and are comprised of instruments with an average duration of 1 to 3 years.

Investments: The fair values for marketable equity, government, and fixed income securities included in long-term investments are based on quoted market prices. Alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers and are valued at the latest available unaudited net asset value of the investments.

TJUH System
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

15. Fair Value of Financial Instruments, (continued):

Assets Whose Use Is Limited: Assets whose use is limited are comprised of investments held for self-insurance obligations and debt service requirements and are valued as stated above.

Long-Term Debt Obligations: Management estimates that the fair value of long-term debt is equal to its carrying value.

Assets Held by Affiliated Foundation: Assets held by an affiliated foundation are comprised of investments, which are valued as stated above.

Due to JHS: The fair value of long-term debt is based on quoted market prices or estimated using discounted cash flow analyses based on incremental borrowing rates for similar types of borrowing arrangements.

The carrying amounts and fair values of financial instruments at June 30, 2012 and 2011 were as follows:

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Balance sheet assets:				
Cash and cash equivalents	\$8,978,298	\$8,978,298	\$30,395,551	\$30,395,551
Short-term investments	\$209,521,635	\$209,521,635	\$185,031,142	\$185,031,142
Investments	\$188,092,841	\$188,092,841	\$195,900,663	\$195,900,663
Assets whose use is limited	\$69,601,613	\$69,601,613	\$41,638,585	\$41,638,585
Assets held by affiliated foundation	\$7,199,228	\$7,199,228	\$5,882,954	\$5,882,954
Balance sheet liabilities:				
Long-term debt	\$28,212,605	\$28,212,605	\$131,587,743	\$131,587,743
Due to JHS	\$296,945,866	\$312,303,207	\$203,298,047	\$204,682,906
Swap	\$33,118,730	\$33,118,730	\$18,202,761	\$18,202,761

16. Recent Accounting Pronouncements:

Measuring and Disclosing Fair Value

In 2011, the Financial Accounting Standards Board (FASB) issued a standard, Measuring and Disclosing Fair Value. This guidance clarifies the FASB's intent about the application of existing fair value measurements and requires TJUH to provide enhanced disclosures, most significantly related to unobservable inputs used in a fair value measurement that is categorized within Level 3 of the fair value hierarchy. In addition, the guidance requires a sensitivity analysis to be performed and disclosed regarding those inputs. This guidance is effective prospectively for TJUH on July 1, 2012.

16. Recent Accounting Pronouncements, (continued):

Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts

In 2011, the FASB issued a standard, Presentation and Disclosure of Patient Service Revenue, the Provision for Bad Debts, and Allowance for Doubtful Accounts. This guidance requires TJUH to modify the presentation of its consolidated statement of operations and changes in net assets by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue. Additionally, the guidance requires enhanced disclosure about TJUH's policies for recognizing revenue and assessing bad debts, patient service revenue (net of contractual allowances and discounts), and qualitative and quantitative information about changes in the allowance for doubtful accounts. This guidance will become effective for TJUH on July 1, 2012.

Intangible - Goodwill and other: Testing Goodwill for Impairment

In September 2011, the FASB issued a standard, Intangible - Goodwill and other: Testing Goodwill for Impairment. This guidance provides TJUH the option to first assess qualitative factors to determine whether it is necessary to perform the current two-step test for goodwill impairment. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. The adoption of this standard is not expected to have a material impact on our consolidated financial position or results of operations. This guidance will become effective for TJUH on July 1, 2012.

Additional Data

Software ID:

Software Version:

EIN: 23-2829095

Name: Thomas Jefferson University Hospitals Inc

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
ROBERT S ADELSON ESQ TRUSTEE	3 5	X						0	0	0
ROBERT L BARCHI MD PHD TRUSTEE	5	X						0	0	0
JANICE R BELLACE ESQ TRUSTEE	4 5	X						0	0	0
DAVID R BINSWANGER TRUSTEE	1 5	X						0	0	0
IRA BRIND ESQ TRUSTEE	6 3	X						0	0	0
CARTER R BULLER ESQ TRUSTEE	2 5	X						0	0	0
THOMAS COSTELLO TRUSTEE	1 0	X						0	0	0
JACK FARBER TRUSTEE	5	X						0	0	0
BRIAN HARRISON TRUSTEE	1 0	X						0	0	0
RICHARD W HEVNER SECRETARY/TREASURER	5 3	X						0	0	0
HAROLD A HONICKMAN TRUSTEE	1 5	X						0	0	0
HYMAN R KAHN MD TRUSTEE	2 5	X						0	0	0
WILLIAM A LANDMAN CHAIRMAN	4 0	X						0	0	0
THOMAS J LEWIS III PRES, CEO & TRUSTEE TJUH,INC	40 0	X		X				1,214,702	0	132,678
DOUGLAS J MACMASTER JR TRUSTEE	1 0	X						0	0	0
JOSEPHINE C MANDEVILLE TRUSTEE	2 5	X						0	0	0
THOMAS B MORRIS ESQ TRUSTEE	1 5	X						0	0	0
ALBERT P PARKER II ESQ TRUSTEE	1 0	X						0	0	0
CARO U ROCK TRUSTEE	2 0	X						0	0	0
MARK L TYKOCINSKI MD TRUSTEE	1 5	X						0	0	0
ALEX WASILOV TRUSTEE	1 0	X						0	0	0
R RICHARD WILLIAMS VICE CHAIRMAN	3 8	X						0	0	0
DAVID P MCQUAID EXEC VICE PRESIDENT & COO	40 0			X				901,940	0	88,134
NEIL G LUBARSKY SENIOR VP,CFO ,ASST TREASURER	40 0			X				619,682	0	65,550
RONALD P BURD EXEC VP STRATEGY & ORG DEV	40 0				X			574,413	0	60,003

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
STEPHEN TRANQUILLO VP CHIEF INFORMATION OFFICER	40 0				X			422,067	0	38,336
JAMES E ROBINSON SR VP AND CAO-METHODIST HOSP	40 0				X			388,059	0	36,172
MARY ANN FITZPATRICK S VP PATIENT SERVICES & CNO	40 0				X			386,601	0	42,696
REBECCA O'SHEA SENIOR VP CLINICAL	40 0				X			336,202	0	38,495
GEORGE T RIZZUTO VP FINANCE METHODIST	40 0				X			291,744	0	36,636
RICHARD J WEBSTER VP PERIOPERATIVE SERVICES	40 0				X			277,227	0	33,978
NANCY RHODES VP REVENUE CYCLE	40 0				X			254,994	0	36,547
ROBERT BURKHOLDER VP SUPPLY CHAIN MANAGEMENT	40 0				X			223,058	0	35,819
ANDREW NATHANS VP FINANCIAL OPERATIONS	40 0				X			216,795	0	37,215
SHARON MILLINGHAUSEN VP MED/CARDIAC/SPECIALTY SVCS	40 0				X			212,274	0	34,745
ELEANOR GATES VP SERVICE EXCELLENCE	40 0				X			204,404	0	34,061
ROBERT DIECIDUE CHAIRMAN ORAL SURGERY	40 0					X		511,215	0	37,895
STACEY MEADOWS S VP, GENERAL COUNSEL, ASST SEC	40 0					X		505,259	0	47,846
DANIEL TAUB VICE CHAIR ORAL SURGERY	40 0					X		439,371	0	32,740
CARMHIEL BROWN SENIOR VP MARKETING	40 0					X		321,195	0	42,182
BRIAN SWIFT VP CHIEF OF PHARMACY	40 0					X		251,678	0	38,990
SEAN M FITZPATRICK FORMER VP FINANCE - TJUH							X	220,092	0	5,437